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REPORTAGE ON SOVIET DEFENSE MINISTER'S VISIT

G. K. Reddy on 15 Mar Meetings

Madras THE HINDU in English 16 Mar 82 p 1

[Text]

The Soviet Defence Minister, Marshal Dmitry Ustinov, had two high level meetings today, one with the Prime Minister, Mrs. Indira Gandhi, and the other with the Defence Minister, Mr. R. Venkataraman, soon after his arrival on a six-day official visit to India at the head of one of the largest defence delegations ever sent out by the Soviet Union.

As a prelude to his meeting with Mrs. Gandhi on political issues, Marshal Ustinov had his first round of talks with Mr. Venkataraman on India's defence requirements.

The Soviet Defence Minister conferred with the Prime Minister for an hour without any aides on either side presumably to ensure complete secrecy, with the result that there was no authoritative indication at all of what had been discussed by them.

Message from Brezhnev: Apart from conveying a personal message from Mr. Brezhnev, he was reported to have given her the Soviet assessment of the current international and regional situations.

But at his meeting with Mr. Venkataraman, Marshal Ustinov was accompanied by the Soviet Air Chief Marshal Kutakov, Navy Chief, Admiral Gorshkov, and the Deputy Chief of the Army, Gen. Shabanov, besides the Soviet Ambassador in Delhi Mr. Vorontsov. Mr. Venkataraman was assisted by the Chief of the Army Staff, Gen. K. V. Krishna Rao, Chief of the Navy Staff, Admiral O. S. Dawson and Air Marshal V. M. Katre, Air Officer Commanding-in-Chief, Western Air Command, in addition to the Defence Secretary, Mr. P. K. Kaul, and Defence Production Secretary, Mr. M. C. Sarin.

It was quite evident from the composition of these delegation level talks that the two sides had discussed India's defence requirements at some length, in terms of the more immediate needs for supply of equipment and also the possibilities of manufacturing indigenously some of the latest weapon systems under licence as part of the on-going Indo-Soviet cooperation to help India achieve greater self-reliance.

Visit to defence units: After Marshal Ustinov and his colleagues had visited some of the defence installations in the country during the next three days, they would be having a final round of talks on Friday with Mr. Venkataraman and his advisers to arrive at some understanding about the nature of India's requirements and the scope of the Soviet assistance.

But no agreement as such would be signed during Marshal Ustinov's visit either for the supply of additional defence equipment or arrangements for manufacture under licence. The dialogue would be carried further during Mr. Venkataraman's return visit to Moscow after official delegations had worked out the precise details including the payment terms.

Though the Soviet side had always insisted on including what was called a gold clause in all such agreements, there were some hints lately of some additional provision to offset the impact of inflation.

Calls on President: After Marshal Ustinov paid a courtesy call on the President, Mr. N. Sanjiva Reddy, the Army and Navy Chiefs, Gen. Krishna Rao and Admiral Dawson, called on him separately. The Air Chief, Air Chief Marshal Dilbagh Singh would be meeting the Soviet Defence Minister on Friday on his return from a visit to London.

There were also separate talks today at the level of the three services, with Gen. Shabanov calling on Gen. Rao, Admiral Gorshkov on Admiral Dawson and Marshal Kutakov on Air Marshal T. S. Brar, Deputy Chief of the Air Staff, to discuss the requirements of the Indian Army, Navy and Air Force, besides exchanging views on the current security environment in the region.

Preservation of peace: The Defence Minister, Mr. Venkataraman, hosted a dinner tonight in honour of Marshal Ustinov, at which the visiting Soviet marshals and generals had an opportunity to talk informally of their respective defence responsibilities in a convivial atmosphere.

Marshal Ustinov is stopping over at Khajuraho tomorrow on his way to Bombay to pay a brief visit to the Indian naval establishment there. He will visit Agra to see the Taj Mahal on Wednesday on his way to Bangalore to see the Hindustan Aeronautics factory there. He goes to Jodhpur on Thursday to see a MiG-23 squadron in action and later to Bikaner near Jaisalmer to watch an army exercise in which T-72 tanks take part.

Daily trips to Delhi: An interesting feature of all these trips is that Marshal Ustinov and his colleagues will be flying back to Delhi every evening to fulfil their social and other engagements here.

Final Day's Activities

Calcutta THE STATESMAN in English 20 Mar 82 pp 1, 7

[Text]

NEW DELHI, March, 19.—India and the Soviet Union have agreed to step up cooperation in the field of defence, with the Soviet Defence Minister, Marshal Dmitri Ustinov, showing great appreciation of the effort put in by India to build her defence industry.

Marshal Ustinov and his high-powered delegation, comprising the Soviet Naval and Air Force Chiefs and the Deputy Chief of the Soviet Army, held a final round of talks today, lasting nearly three hours. Marshal Ustinov is leaving for home tomorrow, at the end of five-day official visit to this country.

The Russian Service Chiefs and the Deputy Chief of Army, General Shabarov, have held separate and extensive discussions with their Indian counterparts to identify the spheres in which cooperation can be strengthened and those to which it can be extended.

Defence Ministry sources refused to give details of what the Indian delegation had sought from the Russians, but Marshal Ustinov, in his banquet speech tonight, indicated clearly that there were limitless possibilities of cooperation and of strengthening defence ties between the two countries.

The cooperation between the two countries, he added, was not, however, directed against any country. Indeed, it would contribute to the peace and security of the world.

Marshal Ustinov also made it a point to mention President Reagan's rejection of the Brezhnev proposals, made by the latter in his address to the 17th session of the Soviet Trade Unions. The Reagan Administration had rejected similar other proposals in the past. Against the backdrop of these "rejections", he demanded that the

peace-loving nations remain alert and develop the capability to defend peace, freedom and independence.

The discussions with the Indian leaders, the highest-ranking Soviet soldier said, had reflected "trust and mutual understanding", which were characteristic of the relations between the two countries. The Soviet Union and India, he added, were struggling to prevent new war threats, for which he blamed the "imperialists"—the Russian euphemism for the USA.

Mr R. Venkataraman, in his reply to Mr Ustinov at the same banquet, said he had no doubt that the Ustinov visit would provide "further impetus to the development of our mutually beneficial cooperation, which is a factor of peace and stability in the region and the world".

Air Chief Marshal Dilbagh Singh, who returned to the Capital early this morning, called on Marshal Ustinov and later his Russian counterpart, Marshal P. S. Koutakhev, with whom he held wide-ranging talks on "matters of mutual interest". The Indian delegation at the talks included the Air and Naval Chiefs and Lt-Gen. Sethna, deputizing for Gen. Krishna Rao, the Defence Secretary, Mr P. K. Kaul, and the Scientific Adviser, Mr Arunachalam.

As an indication of the rapport which Mr Ustinov appears to have established with his hosts was his invitation by name, not only to the Defence Minister, but also to the Service Chiefs and all senior

commanders, since he believed such contacts would serve both their countries well.

A BIG DOSE OF AID

More interestingly for India, the Soviet Union is believed to have agreed to extend large-scale cooperation in strengthening the Navy and the Air Force. It has also agreed to help in further building up the defence industry in the country. It is likely that following the current round of talks, the Soviet Union may allow India to manufacture MiG-21s and also supply a later version of the MiG. The Navy also appears to be for a big dose of help.

An official spokesman here said that the discussions had been widening. The two sides regretted the deterioration in the security environment and hoped that attempts to pressurise detente and maintain world peace would succeed.

"The two sides expressed gratification at the steady development of cooperation between India and the Soviet Union in political, economic, scientific and other fields. They also reviewed cooperation in the field of supply of defence equipment by the Soviet Union to India, and in the development of the defence production industry in India. Marshal Ustinov assured the Indian side about the Soviet desire to continue and strengthen this cooperation.

"Marshal Ustinov and the members of his delegation visited Bombay, Bangalore, Agra, Jodhpur and some other places. Marshal Ustinov was impressed by the progress made by India's industries generally, and by the defence production industry in particular. He wished India every success in the development of her economy and in promoting the welfare of her people", the spokesman said.

G. K. Reddy on Weapons Offer

Madras THE HINDU in English 20 Mar 82 p 1

[Text]

The Soviet Defence Minister, Marshal Dmitry Ustinov, concluded his visit to India today with a final round of talks with his Indian counterpart Mr R. Venkataraman, on what were blandly described by both sides as matters of mutual interest.

The Indian and Soviet military experts, who have been assisting the two Defence Ministers in these discussions, have had detailed exchanges at various levels on India's more immediate requirements and the readiness of the Soviet Union to help this country achieve a greater degree of self-reliance through progressive manufacture of sophisticated weapons.

The two Ministers met without any aides for about 30 minutes, after which they were joined by their top-ranking advisers for a discussion on the entire gamut of Indo-Soviet relations for about 90 minutes. The emphasis was naturally on Indo-Soviet cooperation in the defence sphere, although other inter-related political issues came in for a review in the course of their appraisal of the security environment in the region.

Though no new arms deals as such have been signed during this visit, these Indo-Soviet talks have certainly led to a better Soviet understanding of India's defence capabilities and commitments. The discussions have also enabled India to get a clearer idea of how far the Soviet Union is prepared to go in supplying the latest weapons systems and also assisting in its indigenous production.

An important feature of the developing Indo-Soviet cooperation in the defence sphere is that there is no longer a generation gap between the military equipment that is being offered to India and the latest weaponry that is currently in use with the Soviet front-line formations in Europe. The Soviet government

is ready to sell on mutually acceptable terms T-82 tanks, MiG-27s, new missile systems and whatever else India wants for increasing the fire power and mobility of its armed forces.

It is for India now to pick and choose from the whole range of the latest Soviet-made equipment without confining the choice to a generation old weapons as in the past. The Soviet side has also given adequate assurances that it will not hold back or delay the delivery of essential spare parts for the older versions of the weaponry already in use with the Indian Army, Navy and Air Force.

An Indian defence team will be visiting Moscow in due course to carry forward these discussions before the necessary financial arrangements could be negotiated to pay for the purchases. The Defence Minister, Mr. Venkataraman, will be returning Marshal Ustinov's visit as these discussions have led to a tentative understanding on the nature of India's requirements and the extent of Soviet assistance that would be available.

The Soviet Government had told India, well before the Ustinov visit, that it is prepared to supply any additional equipment needed by this country to cope with the security threat posed by the U.S. bid to rearm Pakistan. A qualitative change that has taken place in the Indo-Soviet relationship in the context of the new security environment in the region is that, instead of India asking for advanced weapon systems, Moscow itself has been offering them.

Liberal terms

But the Soviet negotiators can be both generous and difficult depending on the degree of leverage they can exercise in a given situation. The interest rates and repayment

Terms are generally quite liberal and the prices too vary according to circumstances. There are, however, some occasions when they insist on the inclusion of a gold clause in the agreement or other provisions to compensate for the impact of inflation.

The Soviet Defence Minister gave a return dinner in honour of Mr. Venkataraman at the Soviet Embassy tonight. The Soviet Navy Chief, Admiral Gorshkov, Air Chief Marshal Kutakov, and the Deputy Army Chief, General Shabanov, were there to welcome their Indian counterparts on this social occasion.

CSO: 4220/7020

G. K. REDDY SAYS FURTHER CABINET CHANGES LIKELY

Madras THE HINDU in English 8 Mar 82 p 1

[Text] It is now pretty certain that there will be one more instalment of Cabinet changes after the current session of Parliament to complete the shake-up that the Prime Minister initiated during the last reshuffle.

According to some high party sources, a few more Ministers at the middle level will be dropped to make way for some new faces, while the portfolios of several senior and junior Ministers will be changed to ensure better performance.

An indication of Mrs. Indira Gandhi's thinking on the subject became apparent today from the way the Congress (I) High Command first announced the list of three party candidates for the Fajya Sabha biennial elections from Gujarat omitting the name of Mr. Yogendra Makwana, the Minister of State who was shifted from Home to Communications during the last reshuffle, but revised the decision within an hour by renominating him.

Displeasure: The Prime Minister wanted to drop some more Ministers during the last reshuffle itself, but deferred the matter till the next instalment. The way Mr. Makwana's case had been handled was quite indicative of her displeasure over the controversial behaviour, or disappointment with the performance of some of her existing colleagues.

If the party High Command had adhered to its decision denying him the party ticket, Mr. Makwana would have been left with no alternative but to tender his resignation. His position would have become extremely untenable even if Mrs. Gandhi had asked him to continue in office till the next reshuffle. In any case the Damocles sword would be hanging uneasily over his head until her intentions become clear during the next reshuffle.

Clumsy and cavalier: The Congress (I) circles are quite astonished at the clumsy and cavalier way the Parliamentary Board has been handling the allocation of party ticket for the Rajya Sabha elections. The habit of leaving all decisions to Mrs. Gandhi, more as a form of subservience than as a matter of faith in her wisdom, has placed her in a highly embarrassing position in the sense that she is obliged to decide the fate of aspirants or incumbents on the basis of incomplete information under pressure of events or exertion of diverse influences.

She has realised to her dismay in many cases that the guidance she receives from her confidants is often aimed at indirectly advocating the cause of their own favourites rather than rendering disinterested advice. The Makwana affair is only one such example of how she is obliged to change her mind and abruptly alter, within an hour, a decision taken after due deliberation. The Parliamentary Board discussed the Gujarat nominations for over two hours last night, before leaving the final decision to her.

Discontent: A more fundamental problem facing her is that the Congress (I), in a state of constant flux and ferment, is getting increasingly restive over this peculiar dispensation of patronage. Those who have been left out are aggrieved not because they consider themselves more deserving or talented, but they see no justification at all for accommodating so many undeserving or incompetent ones at their expense. The discontent will get deeper after those who are still entertaining some lingering hopes of finding a place in her firmament feel finally let down.

The discontent over the tendency of rewarding some at the expense of others, on what is generally deemed to be subjective considerations, is only a surface manifestation of the resentment over the absence of any positive purpose behind the removal of some Chief Ministers while retaining others who have become bigger liabilities to the party. The policy of categorising members of Parliament and legislatures into different grades of layalists has also been causing considerable heart-burning amongst those left out who feel let down.

No easy job: It will not be easy for Mrs. Gandhi to go through the next instalment of Cabinet changes at the Centre without displeasing some influential individuals and groups within the party at a time when it is getting increasingly restive. So it would not be surprising at all if she decides to defer the changes or goes in for smaller instalments without ignoring the claims of too many aspirants.

But if one were to go by the current indications, the next Cabinet reshuffle will be a fairly extensive operation. And which of the present Ministers are going to be affected by it will be an open question until the last moment.

CSO: 4220/7009

G. K. REDDY ON DISSOLUTION OF ASSAM ASSEMBLY

Madras THE HINDU in English 19 Mar 82 p 1

[Text]

The Centre decided today to impose President's rule in one more State, Assam, and also accepted the Governor's recommendation to dissolve the Assembly within 24 hours of similar action taken in Kerala under somewhat different circumstances.

The President, Mr. Sanjiva Reddy, was due to sign tonight the proclamation bringing Assam under Central rule, and simultaneously dissolving the Assembly, after the Union Cabinet met at short notice to take this decision following the resignation of the Congress (I)-led Ministry in the State.

The Cabinet accepted the Governor's report that, since no alternative Government could be formed in the present circumstances, it would be desirable to place Assam under President's rule. The Governor also suggested dissolution of the Assembly, apparently in pursuance of the advice of the out-going Chief Minister, to pave the way for fresh elections.

Governor leaves it to Centre

But unlike the Kerala Governor, Mrs. Jothi Venkatachellum, the Assam Governor, Mr. Prakash Mehrotra, did not dissolve the Assembly, either acting on the advice of the Chief Minister or exercising his own discretion. He left the final decision to the Central Cabinet after advising dissolution along with his recommendation for placing the State under President's rule.

The Chief Minister, Mr. Keshab Chandra Gogoi, was directed by the Congress (I) high command in the morning to tender the resignation of his 64-day-old Ministry rather than face defeat on the floor of the Assembly when it became known that the four-member Assam Janata Dal led by Mr. Jogendra Nath Hazarika would vote for the no-confidence motion due to come up today. While submitting the resignation, Mr. Gogoi recommended dissolution of the Assembly as Mr. K. Karunakaran had done in Kerala in a similar situation.

But unlike as in Kerala, the Assam Assembly has only one year left for completing its full five-year term in March next year when it would be automatically dissolved even if the Governor had kept it in suspended animation. If the Assembly had not been dissolved, the Centre could have revoked President's rule any time it wanted to restore popular rule within this one-year period. Now no Government can be formed until fresh elections are held in the State.

The scene has thus shifted from the constitutional arena to the political sphere, transferring the responsibility from the Central Cabinet to the Congress (I) high command to decide when it would be tactically more advantageous to go to the polls in Assam. The Centre can keep the State under President's rule for a maximum of one year in two instalments of six months each with the approval of Parliament, under the amended provisions of Article 356 of the Constitution.

This limitation was got over in the past, when the Assembly was kept in suspended animation, by ushering in a popular Government even for a short period to enable the imposition of a fresh spell of President's rule. This recourse is no longer open and fresh elections must be held within a year.

After the Supreme Court has given its verdict in the pending West Bengal case, the Centre has to decide whether Kerala also should go to the polls along with West Bengal, Haryana and Himachal Pradesh before June or later, depending on local political conditions. The Congress (I) leadership does not seem

to have come to any firm conclusion about the timing of the Kerala elections.

There is no decision yet whether Andhra Pradesh and Karnataka also should go to the polls along with West Bengal, Haryana, Himachal Pradesh and Kerala as contemplated earlier, or whether the elections in these two States should be held only in February next in the normal course. The Prime Minister, Mrs. Gandhi, who was keen on a snap poll at one stage, is reported to be in no hurry now.

CSO: 4220/7018

G. K. REDDY ON PARTY PROBLEMS IN PARLIAMENT

Madras THE HINDU in English 21 Mar 82 p 1

[Text]

THE current session of Parliament, now roughly at the midway point of its 11-week run, has been relatively free from frenzied controversies and frenetic debates that leave a trail of bitterness and inflamed passions. As budget sessions go, the present one has been so far a tame affair making no impact on the political process or the personalities involved in it.

There have been very few moments of high drama, let alone reasoned criticism, for asserting the superiority of informed opinion that can cut across normal party alignments. The fragmented Opposition has not been able to muster its debating talents on issues that can embarrass the ruling party and expose the Government.

The Prime Minister was able to get away with the trophy when she replied to the debates in both the Houses on the President's address, because the Opposition failed to focus attention on the faltering performance of her Government and pinpoint the reasons for it.

The Finance Minister had an easy time in demolishing the charges of his critics based on exaggerated fears of a sell-out to the IMF or succumbing to the blandishments of the big business houses.

PM's prestige enhanced

The talk of corruption has become so commonplace that it could not generate any heat during this session. The Opposition had not come forward with instances of other improprieties involving personalities in high places that could hurt the Government. The Appu episode had, no doubt, embarrassed the Home Minister, but in the end it helped to enhance the Prime Minister's prestige because of her timely intervention.

The absence of running battles in Parliament does not mean that the ruling party has been able to shed its agonising dilemmas or extricate itself from the coils of its indecisions. It only reflects the inability of the Opposition to exploit the inadequacies of the ruling party to project itself as a credible alternative capable of becoming a serious contender again.

Apart from the near paralysis of the Opposition, a factor that has contributed considerably to the present recession of spirit in Parliament and reluctance of party leaders to engage in major controversies over issues of public welfare has been their excessive pre-occupation with the Rajya Sabha elections.

Here again the Congress (I) is not the only culprit indulging in double standards since the Opposition parties also have been sacrificing principles and making exceptions in selecting their candidates or trading seats to strike a better bargain. It is a sad spectacle to see deserving aspirants ignored and those with some leverage chosen on totally extraneous considerations that have nothing to do with their ability to make any effective contribution to the functioning of the parliamentary system.

New faces not promising

If the narrow concepts of loyalty tend to limit severely the choice, the absence of established norms for enforcing party discipline or uniform criteria for judging performance make it difficult to select the right candidates even in the best of circumstances. The party leadership has to placate pressure groups, keep influential individuals contented and in the process sacrifice more competent persons to sustain the inner balances.

It is the inter-action of these compulsions that made the Congress (I) High Command take an inordinately long time to finalise its list. Barring a few exceptions, the great majority of the new faces that have been chosen are no improvement on those refused re-nomination.

A much bigger problem than the selection of candidates, especially for a ruling party, is how to ensure better performance by its members in the day-to-day functioning of the parliamentary system. The more promising ones that are included in the Cabinet in their own right have certainly a better opportunity to display their administrative competence, but the others also can make an effective contribution in one form or the other by taking greater interest in parliamentary debates.

It is equally imperative for the Opposition to evolve its own procedures for bringing out the latent talents of its rank and file, without relying unduly on the ability or experience of only the top few to articulate its views on various issues and rebut the ruling party's policies with reasoned criticism.

Narrow cult

There is enough scope in a parliamentary democracy for the back-benchers to make an impact with one's knowledge of a subject or grasp of a problem. This can be done not only during the debates in the two Houses but also in the closed-door discussions in committees that offer greater opportunity for putting across a point of view with the necessary conviction. The party leaders have to encourage members in various ways to shed their apathies and inhibitions and strive harder to give a better account of themselves, without feeling aggrieved over their inability to make the grade or the denial of their due place in the Government.

There have been instances of members who have not participated in a debate even once being re-nominated on purely extraneous considerations, or those whose very articulation or penchant for demonstrating their superior knowledge by talking out of turn being denied another term. In the absence of a proper tradition of specialisation, it is not always easy for the party whips to decide who deserves greater encouragement based on competence and proven record of reliability at all times.

The tendency to keep up a certain degree of distinction has led to members being divided not merely into front-benchers and back-benchers on the basis of their experience, but also the old faithfuls and the new loyalists qualifying for different degrees of patronage. The main emphasis has thus shifted from ability to acquiescence, from commitment to compliance, transforming party loyalty into a narrow cult.

Stern disciplinary action

The Prime Minister is not unaware of these distortions that have crept into the ruling party, making it increasingly difficult to function effectively within the system. The inability of the Opposition parties to get together to pose a united challenge is no comfort if the Congress (I) is unable to display greater cohesion. So she has been taking steps unobtrusively to discourage those who have been making a profession of loyalty to her from sowing the seeds of further dissensions by ushering in a new caste system, as it were, to keep the rank and file compartmentalised into different categories of loyalists.

It is not without significance that stern disciplinary action has been taken against one of the younger militants in U.P. who has been using Sanjay's name to build up a new pressure group of his own in the State. She has also been discouraging those who have wormed themselves into Mr. Rajiv Gandhi's entourage from emerging as a powerful lobby within the Congress (I) parliamentary party at the Centre.

But the big challenge that still faces her is how to put her vast majority to positive purpose by making use of the available talent at her disposal and establishing a good working relationship with at least some of the Opposition parties in the larger national interest.

The way some of the junior Ministers have been dropped during the last reshuffle or eased out in the course of the Rajya Sabha nominations is indicative of her determination to do something to restore the missing ethos of her party. What is equally encouraging is that at the level of the bureaucracy, too, she has dispensed with the practice of politicising promotions and transfers and is placing a fresh emphasis on adhering to the prescribed rules and procedures for selecting more promising civil servants for key appointments.

Corrective influence

The intention is to streamline the whole structure of Government, step by step, both at the political and civil service levels, as an essential pre-requisite to a more effective functioning of the parliamentary system. But it is going to take her a much longer time to stem the rot in the States where politicians have been playing havoc with the services.

Here again the personality factors are closely inter-twined with the political aspects that have led to this rapid decline. It should, however, be possible to insist on stricter conformity with the prescribed standards in the States if the Centre itself takes the initiative in improving the quality of its administration.

It is most essential that Parliament itself functions effectively to provide the checks and balances in exerting its corrective influence, without allowing the ruling party or the Opposition to misuse the forum for carrying on political feuds, denigrating leaders, condoning wrongs or indulging in gross exaggerations in the name of ventilating public grievances. The missing perspective has to be restored only through a conscious effort to improve the quality of debate, encourage well-meaning criticism and learn to respect the superiority of informed opinion.

SEARCH FOR SUCCESSOR TO PRESIDENT BEGINS

Madras THE HINDU in English 21 Mar 82 p 12

[Text]

The search for the next President has already started behind the scenes, in the sense that the names of some of the obvious and oft-mentioned aspirants are being quietly ruled out in Congress (I) circles, presumably to leave the field wide open for the Prime Minister to choose a candidate at the last moment.

The President, Mr. M. Sanjiva Reddy, will be completing his five-year term on July 24, and the next President will have to be elected well in time to ensure a smooth changeover without interruption.

The electoral process takes at least 35 days to complete from the date of the notification of the election. The last date for nominations is 14 days after the notification, followed by one day for scrutiny, two days for withdrawal and 15 days for polling in the event of a contest.

The Election Commission generally makes a provision of two or three days for the ballot boxes to be brought from the State capitals to Delhi for counting of votes.

Latest by June end: So the ruling party must choose its candidate not later than the third week of June at the outer limit, since the last date for filing nominations cannot be deferred beyond that point. If the next President has to be elected in time to assume office on July 24 before the outgoing President relinquishes charge, in the event of any unavoidable delay in electing the next President, the Vice-President will have to discharge the functions of the President as a stop-gap arrangement.

As a Presidential appointee, the Governor of a State holds office normally for five years subject to the pleasure of the President, but the incumbent continues to function even after the expiry of the full term until the successor

actually assumes office. The President, who is elected and not appointed, must necessarily demit his office on the expiration of his five-year term, since the Constitution has made no provision for his continuance even for a day longer in whatever circumstances other than through re-election for another term.

The Prime Minister's travel plans this summer include a visit to Norway, Denmark and Finland in the first half of June, when the crucial decision has to be taken about the party's nominee for the Presidential election. The Parliament session is due to end before the middle of May and she will have at least 15 to 20 days to make up her mind.

The Congress (I)'s choice of the Presidential candidate will also coincide with the next instalment of Central Cabinet changes. There is talk of a major shake-up involving not only a reshuffle of portfolios but also the dropping of some more Ministers who have not come up to Mrs. Gandhi's expectations. This can give her greater flexibility, or even restrict her choice, in choosing the next President depending on her own plans about adhering to the present system or opting for something different before the next Parliamentary elections.

Importance: It is in this context that the coming Presidential election has come to assume special importance. There is no indication so far that the ruling Congress (I) would make an effort, as the Janata Party did in 1977, to put up a consensus candidate with the approval of the Opposition to avoid a contest to this high office.

And the Opposition, too, does not seem to be in a mood to cooperate without insisting on some unacceptable conditions or seeking impossible assurances both in regard to the choice of the Presidential candidate and the Prime Minister's intentions about the future pattern of Government.

CSO: 4220/7024

REPORTAGE ON BANK GOVERNOR'S KUALA LUMPUR SPEECH

Summary of Speech

Bombay THE TIMES OF INDIA in English 18 Mar 82 p 19

[Text] The International Monetary Fund came in for sharp criticism from Dr. I. G. Patel, governor of the Reserve Bank of India, for the unwarranted rigidity in the conditions it sets for lending and in supervising the economic adjustment programmes to which loans are tied.

Dr. Patel was speaking to bankers here on Monday as a guest lecturer.

The IMF, he said, is once again insisting on the kind of conditionality "which threatens to make much of its current lending activity inactive in practice." Although he did not mention India's relationship with the fund in this context, the impression he left behind was that problems had arisen with regard to drawings from the jumbo loan of last year.

This impression was strengthened by Dr. Patel's reference to quarterly credit ceilings, meaning the limits placed upon a government's domestic and external borrowings as part of a loan agreement. "Is it appropriate to take the extreme step of suspension of loan disbursement when these quarterly ceilings are somewhat transgressed?", he asked.

He added, "You cannot tie down nations on every count and consider failure on any point as reason to suspend support." He suggested that this unwarranted rigidity was the result of pressure from "dominant members", presumably a reference to the U.S.

In a broad-ranging review of North-South finance relations, Dr. Patel advised less developed countries to rely more on foreign capital to reduce their almost total dependence on loans "which have to be serviced or repaid irrespective of the success in the investments."

Dr. Patel cited the "respectable" view that inflow of foreign funds during the 19th century did not prove burdensome for developing countries of that time because "much of it was risk capital which had to be repaid only if the risk proved to be a wise one."

"A better balance in favour of foreign equity may ease the burden of servicing the total foreign debt--unless of course one surrounds enterprises with foreign equity with such absolute protection that cannot but make high profits."

Dr. Patel argued that developing countries in need of capital imports should "discard some of our restrictive notions, at least in so far as capital imports from other developing countries are concerned." He said this while pleading for more generous assistance from Organisation of Petroleum Exporting Countries with surplus capital.

Pointing out that aid from OPEC had declined, he added that the flow had become "increasingly selective." The country-wise distribution "leaves much to be desired if judged by strict economic criteria."

Preferential Tariffs

In discussing the scope for mutual cooperation among developing countries, he suggested the use of preferential tariffs on a reciprocal basis to promote greater trade. "We should start by agreement on a regional basis and keep such arrangements openended so that others can join them as and when they are ready, and only on a selective basis if they choose."

He suggested that developing countries should at the same time "examine seriously" whether their own restrictions on imports could not be reduced "to the mutual benefit of ourselves as well as our richer trading partners." This would help--on a give-and-take basis--in persuading the rich nations to lower the barriers they have set up against imports from developing countries.

In relation to the North-South dialogue, Dr. Patel suggested dropping the "cafeteria approach" of setting out a long list of demands, and select instead a few areas offering a reasonable chance of success or where changes adverse to the South were imminent.

"The paramount need at present is to reduce the level of noise and rancour in international debates on North-South relations."

Reviewing recent developments inimical to North-South co-operation, he highlighted the damage resulting from "a strident and simplistic belief in the magic of the market place" in important countries, notably the U.S.

"U.S. Reneged"

"This approach is sought to be imposed with almost religious zeal on international institutions", although their charter forbids them from imposing any particular ideology on member nations. He noted the pressures being exerted on the World Bank to deny loans for public sector projects, particularly for oil development, from its soft loan window, the International Development Association (IDA).

He pointed out that the U.S. had for the first time "actually reneged on a commitment already made and served notice of further sharp cuts" in relation to funds for the IDA.

"In plain language, a programme for the liquidation of a vital institution has been all but launched with much dubious logic and rhetoric."

Earlier, while recording the progress that was being made until recently on North-South co-operation, Dr. Patel paid a tribute to the "magnificent stewardship" of Mr. Robert McNamara, president of the World Bank until July last year. "He put development economics on a truly scientific basis, eschewing all ideological preoccupations, relying instead on painstaking but most objective analyses of actual experience."

The result was "a growing consensus" on developmental issues. The consequent "reduction in ideological passions in favour of pragmatic wisdom" was "a tremendous gain", which Mr. McNamara's successor, Mr. A. W. Clausen, "should seek most assiduously to preserve and enlarge."

'TIMES OF INDIA' Editorial

Bombay THE TIMES OF INDIA in English 20 Mar 82 p 8

[Text]

Many of the criticisms levelled at the IMF by the governor of the Reserve Bank, Mr. I. G. Patel, in a speech to a group of bankers in Kuala Lumpur contain more than a grain of truth. It has long been a complaint of developing countries that the policies the IMF wants them to follow to bring their balance of payments back in equilibrium, which consist of deflation, devaluation, or a mix of the two, are appropriate for advanced industrial economies whose domestic output, exports and imports are highly diversified. For the developing countries, where life often revolves around the production and export of one or two commodities, they are often a cure worse than the disease. These structural imbalances have become all the more intractable with the 15-fold rise in oil prices (in money terms) between 1973 and 1980. Today most poor nations are spending half to three quarters of the export earnings on the import of oil alone. It is difficult to even imagine the magnitude of deflation for instance that will be needed to cut down oil imports significantly, let alone bring their balance of payments back into equilibrium. In view of this Mr. Patel is justified in expressing his disappointment with the way in which the IMF is administering loans taken from the extended fund facility. This was set up in 1974 to extend loans spread over three years, to be repaid in seven to ten years, with the specific aim of giving countries the time they need to make structural adjustments in their economies. These loans do carry conditions governing the macro-economic policies that the recipient government must follow, and Mr. Patel is fully justified in deplored the fact that under the constant needling of rich countries like the USA, the IMF is increasingly tending to make these the only considerations governing the continuation of the loans.

But to draw the conclusion that Mr. Patel's remarks are based on India's own experience with the IMF would be totally wrong. Apart from the fact that this is undoubtedly not Mr. Patel's intention, the truth is that India has more than fulfilled all the conditions — already mild — that the IMF had made on its loan. Thus, against an allowable increase in money supply of 15.7 per cent in 1981-82, the actual increase at the end of February was only 14.2 per cent. Similarly against a ceiling on a total credit of Rs. 73,320 crores the actual volume of credit stood at around Rs. 71,500 crores at the end of February. What is more, oil production, the key to the structural readjustment that the country is attempting, went up by 6.2 per cent in 1981 and will go up by another five million tonnes in 1982. All in all, it is now a safe bet that India, far from being criticised, is likely to be lauded by the IMF board when it reviews the report on its performance during the first year of the loan. The reason why this country has been able to fulfil the IMF's conditions easily while so many others have not, is that despite its low per capita income, its economy resembles those of the advanced countries rather more than those of the developing ones.

CSO: 4220/7014

LONDON PAPER TALKS TO GANDHI BEFORE UK VISIT

New Delhi PATRIOT in English 21 Mar 82 pp 1, 7

[Text] Prime Minister Indira Gandhi leaves New Delhi on Sunday on a six-day official visit to Britain which is aimed at further strengthening the friendly relations between the two countries, reports PTI.

"We are trying to strengthen our relationship with Britain in keeping with India's policy of enlargement of friendship wherever exists and blunting hostility wherever found," she had said in an interview to a British newspaper.

Mrs. Gandhi, who will be present at the launching of the prestigious Festival of India in London on Monday, has hoped that the festival would give a "glimpse of our cultural heritage and of our scientific achievements".

Replying to a question on the past relations between the two countries, Mrs. Gandhi said the "past was not uniformly happy. That is part of history. We are trying to give a contemporary relevance to our relationship".

Replying to a question on Indo-Soviet relations, Mrs Gandhi said "We are not in anybody's camp".

The Prime Minister said it was a habit of many people in the West to first put label and then match people and events to the label. "They created the label of India being in the Soviet camp. We are friendly with the Soviet Union which helped us and stood by us in difficult times. There is no question of lessening this friendship".

Mrs Gandhi said India had no conflict with either the West or the East. "Nor have we allowed our friendship with the Soviet Union to influence our judgment, actions or policies".

Mrs Gandhi said "we have all along tried to diversify our economic relations and our defence purchases".

As regards the relations with the US, she said she would be glad if it was warmer and better.

She said she looked forward to her visit to Britain.

In London, a red carpet welcome awaits the Mrs Gandhi on Sunday.

Mrs Gandhi will be met on her arrival at Heathrow airport by her British counterpart, Margaret Thatcher, with whom she will hold talks on Monday morning at 10 Downing Street.

Mrs Gandhi, who will be staying at a London Hotel, will meet Mr Michael Foot, leader of the Labour Party on Tuesday, and will hold a news conference the following day.

The rest of her visit will be largely taken up with Festival of India, a seven-month celebration of India's culture featuring concerts, exhibitions and other events and organised by Indian groups resident in Britain.

On Monday, Mrs Gandhi will attend the inaugural concert of the festival at London's royal albert hall featuring Sitar maestro Ravi Shankar and performance by the London Philharmonic Orchestra.

On Tuesday, she will visit the Nehru Exhibition where she will unveil a plaque to the father of modern India. The exhibition is a pictorial illustration of Jawaharlal Nehru's life.

The same afternoon, she will visit the "See-India" exhibition at Selfridge's Department Store, the centrepiece of which will be a display of the treasures of the Maharaja of Jaipur.

Afterwards, Mrs Gandhi will visit another exhibition, "In the Image of Man", at the Hayward Gallery which Mrs Thatcher will open earlier in day. The display gathers together 500 works of Indian art spanning 2,000 years, two-thirds of them from collections in India.

On Wednesday, Mrs Gandhi will have lunch with queen Elizabeth II and Buckingham Palace after which she will visit London's Science Museum for another festival of India event, the science, technology and medicine of India exhibition tracing the history of the development of science in India.

On Wednesday night, Mrs Gandhi will pay a visit to the theatre for a performance of "cats", the highly successful British musical. She has no official engagements on Thursday.

CSO: 4220/7025

ANALYST SEES IMPROVEMENT IN GANDHI STYLE

Madras THE HINDU in English 7 Mar 82 p 2

[Text]

APART from the quality of leadership, what matters most in politics is a sense of direction backed by an unfailing capacity to act decisively in the face of a challenge or compulsion. A person in power, no matter how well entrenched he is, has to be alert all the time which way one is moving, or where one is taking the country, in the hurly-burly of controversy or confrontation with the Opposition.

The secret of success lies in combining honesty of purpose with a determination to succeed even in the face of heavy odds, since mere dedication to the chosen cause is not enough in coping with the complexities of present-day governance. A single-minded leader does not vacillate, or allow himself to be unduly influenced by pressure groups whether in his own party or the opposition, in adhering to his policies or amending them to meet the exigencies of changing circumstances.

A successful politician is sustained to a large extent by the stimulus of power while in office, but one can survive in the long run only by a robust faith in one's own ability to do the right thing at the right time, untrammelled by ideological doubts or political pressures.

The tendency to waver or tantalise at a difficult moment can make a leader a prisoner of indecision, undermining one's capability to act decisively in opting for more pragmatic solutions. In learning through trial and error, one has to acquire the capacity for looking forward more hopefully to the future without harping unduly on what went wrong in the past.

Doubt & apprehension

The Prime Minister, Mrs. Indira Gandhi, has been displaying lately all the attributes of a successful leader in shedding some of the shibboleths of Congress radicalism, but she has still not moved away completely from the cross-roads of doubt and apprehension. Her proven capacity for crisis management does not manifest itself to the same extent in taking hard administrative decisions for

getting things done in more normal circumstances. The habit of deferring even routine decisions at times gives the impression of drift and loss of direction leading to accusations of non-performance and even indifference.

The result is that many important steps taken to improve the quality of government go either unnoticed by the general public or taken with a pinch of salt in the prevailing atmosphere of cynicism. In refreshing contrast to her continued reluctance to drop the incompetent from her Cabinet and make better use of the available talent in the party, Mrs. Gandhi has been taking a series of important administrative decisions to revive the economy wherever possible, without abruptly abandoning the old policies to the point of openly admitting past misconceptions. It is not necessary to alone publicly for such lapses in previous policy perceptions, so long as the mistakes are rectified before further damage is done.

Great disappointment

The latest budget has been a 'great' disappointment in the sense that it has belied the high expectations of substantial relief for the middle classes hit hard by inflation. But in her reply to the debate on the President's address, Mrs. Gandhi held out the promise of a more pragmatic industrial policy for boosting production by giving up restrictive practices. She gave a clear indication that some of the old barriers thoughtlessly erected against import of advanced technology and participation of foreign capital in the country's development were being progressively dismantled to open the way for growth in key sectors that was hitherto barred in the name of self-reliance.

At last the realisation has begun to dawn that one can share prosperity and not poverty under the banner of socialism. There are no ginger groups left in the ruling party acting in concert with communists and other radicals in the Opposition to pressure the Prime Minister to adhere blindly to the policy of excessive restriction that has done immense damage to the nation's economy in the last three decades through a strange combination of prejudice and ignorance.

If the Government had displayed the same spirit of accommodation during the Sixties in utilising to a greater degree foreign expertise in oil exploration and in the Seventies in taking advantage of the rapid advances in electronics, the country would have been saving every year several thousand crores of rupees of hard-earned foreign exchange during the Eighties through genuine and not illusory self-reliance to an appreciable extent in such key spheres.

Better use of resources

But it is no use bemoaning lost opportunities when one should really be counting the blessings of little mercies in benefiting from past mistakes. The critics can play a positive role by welcoming the policy changes that have already been decided upon or are in the process of finalisation, instead of smelling a rat behind every decision and questioning Mrs. Gandhi's motives in opting for this policy of increasing liberalisation. She deserves to be congratulated for restoring at least partially the missing direction on the economic front and opening the way for a better utilisation of the available skills and resources.

There used to be a time when a committee of secretaries sat like a conclave of medieval monks to determine what punishment should be inflicted on those who exceeded the so-called authorised limits of production. In all other countries the industries that achieved higher production levels would be rewarded and not penalised for such performance. The real culprits who adulterated their products or blackmarketed them managed to get away scot free by exerting political influence, while the honest ones that had given a good account of themselves were castigated for crossing the production limits. It has taken the Government nearly two decades to realise the absurdity of this approach and reverse the policy of arbitrary fixation of production limits irrespective of the demand position.

Another millstone

The Monopoly and Restrictive Trade Practices Act has proved to be another millstone round the neck of the Government. Despite the constant reminders of the Prime Minister to the economic ministries to expedite the clearance of industrial licence applications, there are inordinate delays caused by the cumbersome processing procedures including compliance by the MRTP Commission with the legal requirements of issuing notifications, holding public hearings and looking into the monopoly aspects even when there is no need for it. The new vested interests that have built up in prolonging this agony have been functioning wittingly or unwittingly as a powerful lobby against liberalisation.

For example, the Government has been standing in the way of a legitimate increase of scooter and moped production through better utilisation and expansion of the existing capacity, besides protecting the derelict automobile industry from competition. The import policies have also been designed to place

a premium on inefficiency and unfair trading practices by creating a sellers market and letting the business community take undue advantage of scarcity conditions. The people who have put the government in power have a right to expect that their basic needs are met through increased production and not subjected to the vagaries of protected market conditions.

Outdated doctrines

The Prime Minister is not unaware of all these distortions that have been allowed to develop over the years in the economy through irksome controls which have become a major source of corruption. But as long as she was at the mercy of the leftist pressure groups she had to pander to their whims and fancies to qualify for their continued support. She does not miss a single opportunity these days to ridicule or denounce their concepts of economic regimentation through restrictions on production and reversal of priorities in meeting the basic requirements of the people. She has been bracketing the communists and socialists together in decrying their outdated doctrines.

It is only in India that sick industries, reduced to utter bankruptcy by their rapacious owners through deliberate neglect and gross mismanagement, qualify for nationalisation with compensation. The owners of the derelict coal mines in the Bihar-Bengal belt, who recovered their investments several times over since the time of their acquisition from the former British-owned enterprises, struck a gold mine as it were when they were generously compensated after nationalisation. The textile industry, too, has had its share of the bonanza through contrived sickness or negligence.

Open competition

The policy of liberalisation cannot achieve the desired results except through open competition free from all protection. As long as the ruling party remains unduly obligated to the big business houses and other black money barons for generous contributions, it cannot really enforce the necessary economic discipline. It is doubly imperative for the Prime Minister to start cleaning up the political stables to ensure the requisite integrity at the higher levels before expecting the industrialists or traders to behave better in the larger national interest.

The great need today is a new moral code based on ability, integrity and imagination in an atmosphere of political rectitude that is singularly free from mock heroics and empty slogans. But the necessary standards for this new morality will have to be set by the ruling hierarchy itself through both precept and practice with a proper sense of priorities and direction.

And therein lies the great challenge to Mrs. Gandhi's capacity for utilising her immense power to truly constructive purposes, without turning a blind eye at the spoils system that has coarsened the country's moral fibre in a free-for-all environment in which no orderly progress is possible with or without liberalisation.

GANDHI INTERVIEW WITH LONDON WEEKLY REPORTED

Calcutta THE STATESMAN in English 16 Mar 82 p 10

[Text]

LONDON. March 15.—Mrs Gandhi makes no apology for being a "strong person", reports PTI.

She told a reporter in New Delhi recently: "I have a strong personality and I am strong in my ability to achieve the goals I set myself. I am strong in my love for the people and in my endeavour to achieve what I believe in."

"That was the way I was brought up. I cannot avoid that. You can see there are a lot of things to be done in our country. If you are not strong and you are in my position, you cannot achieve such goals."

The interview, published as the cover story in the latest issue of the weekly, Sayidati, owned by an Arab publishing house here, deals with the personal side of Mrs Gandhi. An earlier report had covered the Prime Minister's view on political and international issues.

The interview pointed out to Mrs Gandhi that she herself had declared from time to time that she was one of the least powerful leaders in the world compared to other rulers. The media depicted her as a domineering ruler.

Mrs Gandhi said the question of her authority as Prime Minister was not a question of views or opinions. The fact was that she could not appoint a single person in any post unilaterally.

"When the President of the United States is elected, he becomes a dominant ruler while opposition in our country starts from the very moment the Prime Minister takes up office. When I say I am the least powerful leader in the world, do not talk nonsense. I say it in comparison with other rulers" Mrs Gandhi said.

Asked if her father had groomed her to succeed him as Prime Minister, Mrs Gandhi said the answer to that question should become clear from the sequence of events. "If you look at my own background, you will see that I had not taken during my father's career any political job or official title or function. Also, I was not interfering in the running of the country during my father's leadership and my father never discussed with me the affairs of the country and I never discussed this with my sons."

CSO: 4220/7012

REPORTAGE ON JANATA NATIONAL EXECUTIVE MEETING

Resolution Adopted

New Delhi PATRIOT in English 21 Mar 82 pp 1, 7

[Text] The national executive of the Janata Party today condemned the anti-democratic steps of the Centre, both in Kerala and Assam, where President's rule was imposed this week.

In a resolution adopted this afternoon the executive said in Kerala as well as in Assam the conduct of the Governors has been patently partisan, guided by double standard.

Instead of fulfilling their constitutional obligations, the Governors have been reduced to mere instruments in the hands of the ruling party at the Centre, the resolution added.

The national executive felt that by imposing President's rule in both the States, the process of Rajya Sabha elections was 'rudely interrupted'.

In Assam in particular the Centre's action had resulted in a denial of effective representation to the people of the State in the Assembly, Lok Sabha and Rajya Sabha, the resolution said.

It called on Janata Party members in Parliament and outside to mobilise effective public opinion against these 'autocratic' actions of the Centre and for holding early elections in these States.

The meeting which began here this morning, was presided over by former Prime Minister Morarji Desai.

Unity Deadline Ignored

New Delhi PATRIOT in English 22 Mar 82 p 1

[Text] The Janata Party high command has ignored the demand by a section of the national executive to set a deadline to complete the unity talks with the Lok Dal and the Cong-S.

The executive, which concluded its two-day meeting here today, expressed the hope that the three parties' coordination committee would formulate a 'programme of action and struggle and suggest modalities for achieving the goal of organisational unity of opposition forces as early as possible'.

The party's disagreement with the Lok Dal on the coordination committee's role was clearly reflected in its resolution.

The Lok Dal executive had in its recent resolution stated that the committee's job was over with the formulation of a draft economic programme which was supposed to be the first step towards the merger.

Janata Party general-secretary Ramakrishna Hegde, today pointed out that the committee was yet to prepare a joint plan of mass action on various public grievances in accordance with terms of reference. Party representative on the committee Madhu Dandavate had recently pointed out this to Lok Dal leader Biju Patnaik, who is the committee's convener.

Mr Patnaik's reply was yet to come, Mr Hegde said.

Briefing reporters on the executive's proceedings, Mr Hegde said: "When organisations of these types have to meet, they don't rush. They have to go step by step. Sometimes they even take a step backward".

Complex Issue

Party chief Chandra Shekhar told the executive that it would take some time to achieve the objective of opposition unity in view of 'complexity of the issue'.

In an apparent reference to protests by several members that the party image had suffered due to the uncertainty over unity, Mr Chandra Shekhar said the workers should not allow any laxity in their work, while 'we continue our efforts towards unification'.

Mr Hegde claimed that every member had realised that it was not easy to achieve unity. They knew that the outcome of talks would depend on the other parties as well.

The resolution called for a plan of action to defeat the ruling party's attempt to 'subvert' the fundamental rights and the role and sanctity of basic institutions on which parliamentary democracy was based.

CSO: 4220/7025

KERALA GOVERNOR'S DECISION DEEMED CONTROVERSIAL

Madras THE HINDU in English 18 Mar 82 p 1

[Text]

The President, Mr. Sanjiva Reddi, signed a proclamation tonight, on the advice of the Cabinet, bringing Kerala under Central rule by invoking Article 356 of the Constitution.

The Central Cabinet met earlier to consider the Governor's report conveying her decision to dissolve the Assembly and recommending imposition of President's rule, after the United Democratic Front Government tendered its resignation.

There was some delay in completing the necessary formalities for issuing the proclamation, since both the President and the Prime Minister were busy with the King of Bhutan's visit. A Cabinet meeting was called at short notice to accept the Governor's recommendation before the papers were submitted to the President for his signature.

The Governor, Mrs. Jyoti Venkatachellum, had the powers, under Article 174 (2) of the Constitution, to exercise her discretion in dissolving the Assembly without waiting for the acceptance of her recommendation by the Central Cabinet. But it was not clear whether she acted on the basis of her own judgment or on the advice of the out-going Chief Minister, Mr. K. Karunakaran.

Charan Singh precedent: According to some constitutional experts here, the Governor could have relied on the Charan Singh precedent, if she had indeed acted on the advice of Mr. Karunakaran, to permit the UDF Ministry to continue as a caretaker Government until the elections. But it would have been politically indefensible and constitutionally impossible, since the State had to be brought under President's rule for a vote on account to be obtained from Parliament before the end of this month following the dissolution of the State Assembly.

So it is only an academic point at the moment why the Governor has chosen to

dissolve the Assembly in exercise of her own powers even if she had privately consulted the Centre in advance, without waiting for the acceptance of her recommendation to impose President's rule. The real question now is whether the Centre would prefer to keep the State under President's rule for some time or have the elections soon to restore popular government in the State.

Another controversial aspect of the Governor's decision is whether she was right in dissolving the Assembly after the notification had been issued calling upon it to elect three members to the Rajya Sabha in the course of the current biennial elections. Though the Rajya Sabha elections could not be held in some States in the past because the Assemblies had been dissolved and were not in existence at the relevant time to discharge this obligation, this is the first time that the dissolution has taken place after the issue of the notification.

The Governor, in her report, had advised imposition of President's rule because in her view no stable Government was possible because of the precarious party position. The report was on expected lines, explaining how the dubious majority of one sustained by the Speaker's casting vote had been suddenly upset by a single defection.

Against convention: The Opposition parties are up in arms alleging grave impropriety in the dissolution of the Assembly on the advice of an out-going Chief Minister who had already lost his majority in the House. The convention hitherto has been that the advice tendered in these circumstances could not be deemed to be binding on the Governor who had to exercise his or her own discretion in such a situation.

CSO: 4220/7017

FOREIGN VISITORS ARRIVE TO ATTEND CPI CONGRESS

New Delhi PATRIOT in English 21 Mar 82 p 7

[Text] Communist Party representatives from European, Latin American, African and Asian countries arrived in the Capital on Saturday on way to Varanasi, where they will attend the 12th Congress of the Communist Party of India as fraternal delegates.

They represent the Communist Parties of the GDR, Czechoslovakia, Poland, Bulgaria, Hungary, Romania, Mongolia, Cuba, Chile, El Salvador, Guyana, Israel, Syria, People's Democratic Republic of Yemen, Ethiopia, Sri Lanka, FRG, Denmark, Sweden, Cyprus and Greece.

The fraternal delegates to the CPI Congress were received at Delhi Airport by CPI leaders K M Madhukar, MP, Mahendra Singh MP, Sarada Mitra (a member of the party's national council) and Pratul Lahiri (a member of the International Department of the CPI).

Delegations from the CPs of the Soviet Union, Vietnam, Yugoslavia, Italy and Great Britain are due to reach Delhi by Sunday morning.

CSO: 4220/7025

MORE CONTRACTS FOR SERVICES IN IRAQ SIGNED

New Delhi PATRIOT in English 21 Mar 82 p 7

[Text] Water and Power Consultancy Services (India) Limited (WAPCOS), a Government of India undertaking, has bagged yet another major contract worth about 4.2 million dollar (about Rs 3.6 crores) in Iraq, reports PTI.

The contract envisages providing consulting engineering services for the irrigation and drainage development studies and designs for the Kifil-Shinafiya project.

This work is scheduled for completion in 25 months, says an official release.

The contract was recently signed in Baghdad by Managing Director WAPCOS Vijendra Singh and the Director General Establishment for Studies and Designs, Ministry of Irrigation, Government of Iraq.

This comes closely on the heels of WAPCOS successfully completing ahead of schedule similar consulting engineering services pertaining to Amarah irrigation and drainage project in that country, the release added.

Another contract for providing the services of technical personnel to the Ministry of Irrigation, Government of Iraq at a consultancy value of 42 million dollar (about Rs 36.8 lakhs), was also signed recently.

WAPCOS is already providing consulting engineering services as well as services of technical personnel to Government of Iraq for the Ministry of Irrigation, ground water development authority, etc.

CSO: 4220/7026

COLOMBO DECISION ON LAND-LEASING WELCOMED IN DELHI

Bombay THE TIMES OF INDIA in English 7 Mar 82 p 9

[Text]

NEW DELHI, March 5: The decision of the Sri Lanka government to drop its proposal to lease out 240 hectares of land along with 90 oil tanks on the China Bay around the strategic port town of Trincomalee to an American firm for setting up an oil terminal has been welcomed in government circles here.

The proposal, when it was first reported, had caused concern in several littoral states as one that would help strengthen super-power presence in the region and frustrate the efforts to turn the ocean into a zone of peace.

Without directly referring to the original proposal, the Prime Minister, Mrs. Indira Gandhi, had expressed concern that "certain decisions" of the Sri Lanka government might affect India's security environment. The proposal also gave rise to speculation that Colombo might eventually grant naval bases to the U.S.

Colombo's denials did not help allay fears. It was argued that, even if no bases were granted, an oil storage terminal coupled with the offer of

rest and recreation facilities to American warships at Sri Lanka ports, would create the same situation.

As far as Colombo is concerned, its decision has helped restore credibility to its continued commitment to non-alignment. Its earlier defence of the lease move that it was only part of a commercial deal with a private oil company and it had no security implications had not been convincing at least to some non-aligned countries.

Indeed, Colombo's lease proposal was at odds with its professed policies, particularly in the context of its sponsorship of the U.N. resolution on making the ocean a peace zone. In fact, Sri Lanka would have hosted an international conference on the subject.

The 90 oil storage tanks had been installed at Trincomalee by the British navy during the second world war. Colombo's stand that it would help the country earn precious foreign exchange did not convince its critics because the rental for the land was fixed only at \$10,000 a year and for the tanks \$6,000 a year.

CSO: 4220/7004

WASHINGTON CORRESPONDENT ON U.S. AID PROPOSALS

Madras THE HINDU in English 7 Mar 82 p 12

[Text]

The total U.S. foreign aid proposed for India for fiscal 1983 is \$ 210,633 millions compared with \$ 532,181 millions in military and economic assistance for Pakistan.

These figures were made available, along with other details of the foreign assistance programme, by Mr. Alexander Haig on Thursday in testimony before a panel of the House of Representatives. The fiscal 1983 figures, especially in the case of India, are tentative and could undergo downward revisions, as they did for the previous year.

The breakdown of the total "economic and military assistance" to India, as given in the statement furnished by the U.S. Secretary of State to the subcommittee on foreign operations of the House Appropriations Committee, is as follows: \$ 87 millions in development assistance, \$ 123,433 millions under Title II of PL-480, and \$ 200,000 in International Military Training and Education (IMET).

For Pakistan, the total of over half a billion dollars is made up of \$ 25 millions in development assistance, \$ 175 millions in economic support fund, \$ 50 millions and \$ 3,381 millions under Title I and II of PL-480 respectively, \$ 3 millions for International narcotics control, \$ 800,000 for IMET, and \$ 275 millions in FMS guarantees. This means the programme on behalf of the Pakistani military dictatorship has nearly an 85 per cent "security assistance" content, as it is officially classified here. On top of this, there will be contributions made in the name of taking care of refugees from Afghanistan.

In his testimony in support of Mr. Reagan's request of nearly \$ 9.5 billions in total foreign aid for fiscal 1983, Mr. Haig said: "We are requesting foreign assistance to serve compelling national security, foreign policy and economic needs." He explained that "the President has realigned foreign assistance allocations with careful attention to priorities." While the economic aid content was designed to boost "truly lasting economic growth" and reliance on "proper economic incentives... (and) the creativity and resourcefulness of the individual".

the security assistance component responded to "the pressing needs of key strategic nations for increased economic support and congressional military sales."

"Soviet threat": With respect to Pakistan, the Secretary of State told the Congressional panel: Without adequate foreign assistance and the Reaganite realignment and mix, "we might encourage the subversive efforts by Soviet and Soviet proxy forces. Our assistance is vitally important to countries friendly to the West such as Pakistan, Sudan, Yemen, Morocco, Tunisia, Somalia and Oman that are under growing pressure from Soviet client States."

Further, "our policy in South-West Asia, seeks to insure Western access to oil from the Persian Gulf. Almost all the countries in the area stretching from Pakistan to Morocco are economically troubled. In addition, they face potential subversion or regional threats, in many cases supported by the Soviets or their proxies. Our five-year programme of military modernisation and economic assistance will help Pakistan to meet the Soviet threat from Afghanistan and facilitate the development essential to internal stability."

And again: "We remain the major source of assistance to refugees in Africa, Pakistan, South-East Asia, and the Middle East (West Asia)".

Aside from the figures given in the appended statement on the content of the proposed foreign assistance package, there was no reference to India in the prepared Haig testimony.

As might be expected, the main themes in this presentation of the Reaganite foreign aid programme are the "reinvigoration" of U.S. power and influence in the international arena, and the challenge to American interests and policy posed by the Soviet Union. The tendency to claim practically all events on the face of the earth that are hostile or unfavourable to U.S. interests as the work of the Soviet Union and its "surrogates" is not new, but it has assumed a particularly aggressive form in recent utterances by Mr. Haig.

CSO: 4220/7006

INSTITUTE RECOMMENDS INDIAN OCEAN PEACE ZONE

Bombay THE TIMES OF INDIA in English 8 Mar 82 p 11

[Text] The increasing deployment of interventionary forces in the Indian Ocean by extra-regional powers call for an Indian initiative for the formulation of a common security perspective by the littoral and hinterland countries, according to analysts of the Institute of Defence Studies and Analyses here.

The analysts--Mr. P.K.S. Namboodiri, Mr. J.P. Anand and Mr. Sreedhar--note the proclivity of these powers to intervene militarily and propose a conference of the littoral and hinterland countries to ensure the security of the Indian Ocean.

In their new study, "Intervention in the Indian Ocean", they urge all non-aligned littoral countries to reiterate that they would not grant military bases to and would not station troops of foreign powers. They want them also to seek a declaration from the U.K. and the U.S. that Diego Garcia should be made a non-military base.

The authors say that India's efforts to make the Ocean a peace zone should not clash with its own defence efforts.

They note the colonial memories and recent threats to India from the Ocean front.

Apart from the U.S.S. Enterprise mission in the Bay of Bengal during the December 1971 war with Pakistan, the United States had attempted to undermine India's regional legitimacy and to create a scare in the South Asian theatre, they observe.

They say India's maritime security concern is dictated by its enormous responsibility in safeguarding the far-lying islands and territories and protecting its vast offshore and other marine resources.

A credible defence of the lines of communications stretching up to 700 miles into the sea--linking the subcontinent with its 667 Andaman and Nicobar islands and 508 Lakshadweep and Minicoy islands--could be ensured only by a high level of naval capability.

Apart from explicit use of military force, the external naval powers operating in the Indian Ocean could instigate domestic crises by supply of arms to insurgents and political factions in island republics and littoral areas.

Their ships cruising near the coastal waters could monitor and intercept telecommunications on the land.

The island republics and territories scattered over the ocean--Mauritius, Seychelles, Maldives--have had strong traditional ties with India and look toward India not only for economic and technical assistance but for security. The security of these islands was a legitimate concern for India.

India has an immense strategic stake in the Gulf. Disruption in oil supplies from that region because of a military conflict or deliberate action by forces of intervention would adversely affect India's interest.

India has 220 million tonnes of offshore oil reserves and 180 billion cubic metres of gas and has made a beginning in their exploitation. It has also begun in a small way deep sea mining effort.

One square mile of seabed could contain as much as 30,000 tonnes of manganese, 3,600 tonnes of aluminum, 2,300 tonnes of cadmium, 17,000 tonnes of iron, 400 tonnes of cobalt, 1,200 tonnes of nickel and 650 tonnes of copper. Manganese nodules alone can fetch \$10 million a square mile.

India's continental shelf and the economic zone together provides a total sea surface of 1.6 million sq. km.--nearly half of the country's land area.

Adequate steps are needed to safeguard this area to ensure effective exploration of the living and non-living resources.

Mr. Namboodiri, Mr. Anand and Mr. Sreedhar say the vulnerability of the Indian landmass to enemy naval action came from its peninsular character and the harbours that open directly into the vast seas.

All this called for a high level of maritime reconnaissance and coastal patrol capability.

The authors recommend a demonstration of India's interests in the Bay of Bengal and Arabian Sea region by joint fleet exercises.

They suggest sharing of information about external activities with other littoral countries. They argue for an active policy that would add credibility to India's genuine desire to minimise the dangers of military intervention.

CSO: 4220/7008

STEPS PLANNED TO AID INDUSTRIAL GROWTH RATE

Bombay THE TIMES OF INDIA in English 16 Mar 82 p 6

[Text] Unfolding a package of wide-ranging incentives for speedy industrial development, the Centre yesterday promised the National Development Council an industrial growth rate of 10 per cent in 1982-83.

From the remarks made by the industry minister, Mr. Narayan Datt Tiwari, it was apparent that a series of measures are in the offing.

He is understood to have said that amendments to the Monopolies and Restrictive Trade Practices Act, which will substantially remove the constraints on production, were under active consideration along with a new scheme for canalisation of investments to national priority sectors.

Referring to the new government policy with regard to cement pricing and distribution, he said, "Similar efforts are being made in all other areas where there are price and distribution controls."

In the areas of administered prices, for the first time, production incentives were being built to ensure that pricing and distribution policy itself could act as a production stimulant.

Specific schemes and institutional structures were being worked out to facilitate not only non-resident investments but also inflow of Indian technology from abroad.

An attempt was being made to clearly delineate lines of manufacture open to different investment groups since "definitional difficulties" with regard to Appendix I has very often inhibited investment in key sectors.

Production bottlenecks due to short supply of components and spares in critical areas were being removed by giving certain allowances over the automatic licences for this purpose.

A new package of incentives for backward area development was being considered and it will also involve redefinition of backward areas. Certain changes were also being contemplated in the transport subsidy scheme which will mitigate the logistical handicaps of the far-flung areas.

The council was told that capacity constraints would not be allowed to develop in the year of productivity.

Significantly, the National Development Council also agreed that it was essential to remove all obstacles, including "any government policies, rules and procedures which come in the way of full utilisation of existing capacities."

The council also agreed that "industrial licensing procedures may need to be further streamlined to avoid cost and time over-runs."

The industry minister said in the critical area of power, the main equipment manufacturer, BHEL, was expanding its capacity. Specific production targets had been fixed for all public sector undertakings and the contribution of units under the department of heavy industry.

The steel ministry has fixed a production target of 9.82 million tonnes for 1982-83 which will be the highest ever. This production level is expected out of the installed capacity.

In the aluminium industry, an average of 16 per cent increase in capacity utilisation is being aimed at. The increase in copper and zinc is expected to be 15 and 12 per cent respectively.

The minister also referred to some build-up of inventory in products like tractors and commercial vehicles which were not moving at the speed at which they should. The government was taking steps to end this situation caused by erosion of liquidity in the system, the minister said.

CSO: 4220/7011

JAPANESE COOPERATION IN CAR MANUFACTURE SOUGHT

Madras THE HINDU in English 16 Mar 82 p 9

[Text]

Motor cars and commercial vehicles of several well-known Japanese automobile manufacturers will be criss-crossing the roads of India within the next five to 10 years if negotiations now going on between a number of Indian parties and the Japanese makers come to fruition as most of the deals are hopefully expected to, according to reports here today.

Some details of these negotiations were revealed by Dr. V. Krishnamurthi, Managing Director of the State-run Maruti Limited in an interview with the Kyodo news service. Mr. Krishnamurthi is here in the hope of finalising a deal with a leading Japanese automaker which, according to present indications, may most likely be Nissan Motors, Japan's number two automobile producer.

Mr. Krishnamurthi, who is heading a three-member auto mission, said Maruti's plan calls for annual production of 20,000 small cars with an engine displacement of less than 1,000 CC by late next year. The output is expected to be increased to 150,000 units annually in the following five years or so.

While for various reasons Nissan has emerged as the most likely collaborator of Maruti in the project the mission has been actually negotiating with a number of Japanese makers like Toyota, Fuji, Mitsubishi, Suzuki and Daihatsu in addition to Nissan.

Mr. Krishnamurthi said in the interview that \$500 millions (Rs. 450 crores) would be invested in the construction of production

facilities with the Japanese partner required to have an equity share up to the maximum permitted 40 per cent in the joint venture. The local content of the auto parts is to be gradually increased.

Maruti, which had earlier concentrated on negotiations with four European makers including France's Renault as potential collaborators for the joint venture, is believed to have switched over to Japan because of the ability of makers here to make high quality vehicles at low cost.

Pick-up trucks: According to him three other Indian makers and one State Development Corporation are also negotiating with four Japanese automakers on the production of pick-up trucks. The DCM group of Delhi plants to produce 15,000 trucks of less than three tons in a joint venture with Toyota.

Allwyns, an Andhra Pradesh State firm based in Hyderabad, plans to produce 10,000 similar pick-up trucks in the next three years under licence from Nissan. Eicher Tractors Limited, the tractor maker, plans to produce 12,000 pick-up trucks through a subsidiary to be set up for the purpose with the help of Mitsubishi.

Likewise the Punjab State Industrial Development Corporation is said to be finalising talks with Daihatsu for production of 10,000 small trucks a year under licence from the Japanese firm, Mr. Krishnamurthi said.

CSO: 4220/7013

INDIA UNHAPPY OVER OUTCOME OF EEC TALKS

Bombay THE TIMES OF INDIA in English 18 Mar 82 pp 1, 9

[Text] India's hopes of raising its textile exports to the European Economic Community under the new multi-fibre arrangement may be belied if the EEC sticks to its current negotiating position.

The first round of talks held here this week for a bilateral agreement with the EEC under the framework of MFA has left India unhappy. The EEC team led by Dr. Horst Krenzler repeated the stock arguments about political pressures by domestic industry and labour in European countries against any rise in textile imports.

The EEC team has declined to accept the MFA stipulation that handlooms and folk art products from India should be exempt from quota restrictions. It wants to continue clubbing these items with those restricted by quotas.

In contrast, Canada has accepted in principle to keep handloom items out of the quota list while insisting on proper certification of such items.

India has signed a bilateral agreement with Canada under the MFA. Genuine handloom items will thus not face any restrictions in the Canadian market, though it will be difficult to pass on powerloom products in the name of handlooms as some unscrupulous Indian parties have tried to do in the past.

Such attempts by Indian exporters have been noted by the EEC authorities also and this issue figured during the talks here.

Next Round

The EEC team, which has already held talks with Pakistan, is leaving for Sri Lanka. The next round of Indo-EEC talks on the bilateral textiles agreement will be held in Brussels in May or June.

Before that, it is proposed to convene another meeting of the textile exporting developing countries for exchanging notes on negotiations for bilateral agreements with different countries.

India and the U.S. will have talks here later this month on the proposed bilateral agreement under MFA. This meeting will indicate the Reagan administration's approach to the implementation of its free market policy.

The Indo-EEC talks have not given cause for optimism since response to India's other concerns was also lukewarm, according to informed sources.

The new MFA says that special consideration should be shown to the cotton-growing countries since the fate of the poor growers is linked with the exports. However, no assurance was forthcoming in this regard from the EEC.

India is reported to have pointed out that while the agreement was always with EEC, it tended to subdivide the quota among different countries in the community. The quota should not be split up since India was dealing with the customs union as a whole.

There was no indication that the EEC approach would be less rigid or that inter-country transfer of quotas would be accepted.

India has been keen on ensuring that the small gains secured at the multi-lateral forum of MFA after long negotiations should not be taken away at a bilateral forum.

Recession Cited

That is why these issues were earlier taken up at the ministerial level during the recent visit by Mr. Wilhelm Ghafer Kamp, vice-president of the European community.

However, the EEC team said that structural changes in industry in Europe had not been possible, and the governments had to cope with recession and growing unemployment.

The textile industry being one of the oldest, the political argument against an increase in imports of textiles was very strong.

India was told not to insist on a higher volume of exports, especially in the case of sensitive items such as blouses and skirts.

The Indian side is reported to have pointed out that textile exports were vital for a country like India which was currently facing a serious balance of payments situation.

Of the total Indian exports to the EEC, textiles accounted for some 35 per cent and these could easily provide greater access to India in the EEC market.

India ranks third among the community's suppliers under the multifibre arrangement. In 1980, textile exports from India were worth \$932 million and the rate of utilisation of quotas varied from item to item.

CSO: 4220/7014

FINANCE MINISTER REPLIES TO BUDGET DISCUSSION

Bombay THE TIMES OF INDIA in English 18 Mar 82 p 1

[Text] The Union finance minister, Mr. Pranab Mukherjee, said in the Rajya Sabha today that the government was forced to go in for the IMF extended facilities because of the huge balance of payments deficit left by the previous Janata government.

As in the Lok Sabha yesterday, the finance minister's 50-minute reply to the general discussion on the budget was heard in the upper house with rapt attention.

Mr. Mukherjee himself appeared to have ensured this by avoiding any provocative observations against the opposition. When he charged the Janata government with leaving a wide payments gap, he made it clear that he was not blaming it for the adverse balance. He knew that the Janata government was helpless in the face of the international price hikes, especially in crude and petroleum products.

Why blame the present government, he asked. It had to go in for the IMF loan to meet the serious trade balance situation. Therefore, some structural adjustments had to be made for the extended facilities.

Claim Clarified

The finance minister sought to clarify the claim he had made in the lower house yesterday. In regard to his observation that the budget was non-inflationary, he said that what he meant was that his proposals had not given any "signal" for price rise.

"It is nobody's case that the prices are not rising. All I claim that there is no visible price rise in any sector as a result of the budget proposals."

When a member interjected to say that it was too early to make the claim, Mr. Mukherjee agreed that the situation had to be watched for some time more to come to firm conclusions. He referred to a computer prediction that the prices would rise and said that it was a "prediction" and one had to see whether it proved to be correct.

Mr. Mukherjee also refuted the allegation that he had given the go-by to import substitution by pointing out that he had increased import duty on certain selected items and reduced it on others keeping in view the interests of the economy as a whole.

There were certain sectors of indigenous industry, he said, which needed protection. He had raised the duty of those products. "There are other industries which we do not want to develop. I have lowered the duty on those items."

A Congress (I) member, Dr. Rafiq Zakaria, had earlier warned the finance minister that the advanced countries of the West could make India the dumping ground for their products in view of the recession in some industries. He said that huge imports of man-made fibres should be avoided because they were affecting the local industry.

Mr. Mukherjee said that some structural adjustments in duty on man-made fibres had been made. Duty had not been raised on fabrics up to the value of Rs. 20 per metre. Duty had been raised on the higher grades to remove the distortions that had crept in.

Dr. Zakaria was among those members who came to the aid of the finance minister in defending the IMF loan. He said that even China had been unsuccessfully trying to get loan from the IMF. Also, one could not overlook the fact that the Soviet Union and some socialist countries were increasing trade with the West.

Mr. Mukherjee described the opposition criticism of the IMF facilities as a "phobia." He challenged the members to show how they were manifest in the budget proposals.

There was no significant rise in direct taxes as was predicted by some members. There were also no cuts in food subsidies. If there were any, they were part of the government's policy being pursued for several years.

Customs Duty

The finance minister also strongly disputed the opposition charge that through its export and import policy the government was promoting "transfer of resources to the advanced countries." He claimed that the customs duty had been carefully structured to help the economic growth of the country.

Mr. Indradeep Singh (CPI) had said that the government's export promotion policy was resulting in substantial loss in the foreign exchange earnings in view of the fall in the terms of trade.

Readymade shirts were being exported to the EEC countries at Rs. 30 per piece. He thought that the IMF loan would not have been necessary if the government had followed a realistic export policy.

The finance minister sought to justify the pre-and post-budget price hikes--"price adjustments" as he chose to call them--by saying that it was sound economic policy.

If the government did not make adjustments where price escalation became unavoidable the alternative would be giving budgetary support. "The burden will again fall on the people." If the adjustments were not made, the middleman would reap the benefit.

CSO: 4220/7014

RECORD NUMBER OF FOREIGN LOANS APPROVED IN 1981-82

Calcutta THE STATESMAN in English 18 Mar 82 p 9

[Text] The Government approved a record \$1,185 million (roughly Rs 1,100 crores) worth of loans on commercial terms from the world capital markets in 1981-82 by public and private sector companies, thereby making India a major borrower of non-concessional funds abroad for the first time.

The loans are mainly for import of capital goods, financing of projects, purchase of ships and aircraft and setting up of hotels in Delhi. Permission to make the loans has been given to 33 companies and institutions in varying amounts and does not include quasi-commercial loans from the World Bank's International Finance Corporation worth about another \$100 million.

The biggest of the commercial loans is the \$680 million raised by the National Aluminium Company for the alumina plant being set up in Orissa with the help of aluminium machinery from France which has helped to arrange the financing package for the project.

The second biggest is around \$110 million raised by Rashtriya Chemicals and Fertilizers to partly finance the import requirements of the fertilizer complex at Thal Vaishet after the World Bank withdrew its loan for the project following a controversy over the appointment of consultants. This amount was raised in Kuwait by the issue of bonds to three Kuwaiti financial institutions.

The Industrial Credit and Investment Corporation of India raised three separate loans totalling \$76.5 million which will help it provide the foreign exchange requirements of various Indian projects. The Industrial Development Bank of India raised another \$25 million for the same purpose.

Other big loans included \$30 million by the Oil and Natural Gas Commission for its Bombay High development programme while 14 shipping companies have been allowed to raise a total of \$95.42 million for the purchase of ships.

Indian Airlines was allowed to raise a total of \$77.7 million to buy two airbus and four Boeing 737 aircraft. The agreements on these have still to be signed but approval for them has been given.

Four five-star hotel projects in Delhi are to be financed by loans totalling \$37 million, the first time that this has been allowed. The loans are being raised by Asian Hotels, Siddharth Hotel, Surya International Hotel and Pure Drinks.

The loans have been raised in most cases slightly over the London Inter-Bank Offered Rate which fluctuates between 16% to 2%. The debt servicing burden of these loans should be slightly more than \$200 million a year.

To these will be added further non-concessional loans now being negotiated and which will be approved in 1982-83. Apart from the massive loan of around \$2,000 million spread over three years for the Orissa steel plant from the Eurocurrency markets, it is expected that a total of another Rs 500 crores will be raised by other public and private sector companies next year. The debt burden of this is estimated at around \$350 million.

India's entry into the world capital markets to finance development projects for the first time comes at a time when it is faced with a serious balance of payments problem which is expected to erode the foreign exchange reserves by around Rs 2,000 crores in 1981-82 and by about the same amount in 1982-83.

The commercial borrowings are being kept within limits set by the Government and the IMF. The Government's major limitation is to keep debt servicing within manageable limits--roughly 15% of in-flows of foreign exchange on various counts so that the high credit rating of the country remains. The IMF has set a limit of \$1.4 billion on short-term non-concessional borrowings for the next year, but this does not include loans for the Orissa Steel Plant and a super thermal power plant.

The substantial credits from the world capital markets, in sharp contrast to the limited external commercial borrowings in the past, are the result of two developments. First, the Government's calculations on resources for development have gone awry. Second, there has been a sharp deterioration in the terms of trade, resulting in the current balance of payments crisis.

CSO: 4220/7016

CONSULTATIONS ON STATELESS INDIANS URGED

Calcutta THE STATESMAN in English 21 Mar 82 p 7

[Text]

NEW DELHI, March 20.—The Estimates Committee has urged that the Government of India should consult "urgently" with Sri Lanka put an end to the problem of stateless people of Indian origin in that country as early as possible, reports PTI.

It said the "statelessness" of the people of Indian origin was not conducive to their well-being and underlined their dignity.

"The condition of statelessness makes them insecure and vulnerable to exploitation by employers", the committee said in its 220th report presented to the Lok Sabha yesterday, by its convenor, Mr K. T. Kovilram.

It felt that during interregnum, that is, till the future status of such "stateless" Indians was finally decided and so long as they remained "stateless" these people should be allowed "to live and work with dignity and enjoy basic civic and human rights without any discrimination".

Because they were momentarily "stateless", the Indian mission in Sri Lanka should not hesitate to play a helpful, though discreet, role to get their difficulties solved through the Sri Lanka authorities.

The committee said that under the Indo-Sri Lanka agreements on

the future of people of Indian origin in Sri Lanka numbering 9,73,000—signed in 1964 and 1974 and expired last October—4,96,954 persons (3,72,487 accountable and 1,24,467 natural increase) had been granted Indian citizenship. About 2,10,687 people (1,62,094 accountable and 48,593 natural increase) had been granted Sri Lanka citizenship.

The committee felt that while discussing the future of "stateless" Indians in Sri Lanka, these people should not be viewed merely in terms of numbers whose dispersal could be decided by applying a mechanical formula of ratio and proportion.

It said they were thinking of human beings who had grown in a certain social, cultural and emotional milieu and who should be presumed to know where they belonged and what their future status should be.

Human dignity demanded that in any understanding with Sri Lanka, freely expressed wishes of such people on the question of repatriation to India or absorption as citizens of Sri Lanka should be made the determining factor and respected.

CSO: 4220/7022

EXPORT GROUP SEES MORE SALES TO PAKISTAN, DACCA

New Delhi PATRIOT in English 21 Mar 82 p 7

[Text] Pakistan and Bangladesh will provide greater scope for selling India's engineering goods in the coming years, according to the Engineering Export Promotion Council.

The council had fixed an export target of Rs 12.50 crores for Pakistan during 1981-82. This is to be steadily increased to Rs 16 crore in 1982-83, Rs 22 crore in 1983-84 and Rs 30 crore in 1984-85.

The council expects engineering exports to rise to Rs 50 by 1989-90.

For Bangladesh, the export target for 1982-83 is Rs 42 crore compared to Rs 35 crore this year. The exports are envisaged to increase to Rs 50 crore by 1983-84, Rs 55 crore in 1984-85 and to Rs 175 crore by 1989-90.

Till recently, engineering goods did not figure prominently in India's exports to Pakistan. The value of these exports was only Rs 0.45 crore in 1976-77. In 1977-78, the exports rose to Rs 1.76 crore and to Rs 4 in 1978-79 but declined to Rs 1.35 crore in 1979-80. Estimated figures for 1980-81 were Rs 3.25 crore.

Exports to Pakistan have mainly been iron and steel products, sanitary and water fittings, electrical goods and industrial and agricultural machinery of various kinds.

Both Pakistan and Bangladesh have been importing engineering goods from developed countries on a large scale. In 1979, Pakistan imported from all sources machinery and transport equipment valued at \$973.63 million and metal manufactures worth \$59.66 million. In the same year, Bangladesh imported from all sources machinery and transport equipment valued at \$245.25 million and metal manufactures worth \$26.83 million.

The Engineering Export Promotion Council's strategy for Pakistan includes detailed market surveys, identification of areas for sub-contracting in various fields, undertaking production specifically to suit the needs of Pakistan, and exchange of delegations.

In the case of Bangladesh, it is proposed to organise an exclusive Indian engineering goods exhibition and lay greater emphasis on capital goods, and promotion of joint ventures turnkey projects. India will also offer a line of credit to Bangladesh for implementing projects. Besides, Dacca's import requirements will be studied in detail to ascertain the type of engineering goods required by Bangladesh.

CSO: 4220/7026

CPI DISSIDENTS' CRITIQUE OF LEADERSHIP REVIEWED

Bombay THE TIMES OF INDIA in English 20 Mar 82 pp 1, 7

[Text] A dissident group higher critical of the party's top leadership and calling for important shifts in its tactics, has crystallised in the Communist Party of India on the eve of its twelfth congress in Varanasi on Monday.

The dissidents--a minority, nationally, but powerful in West Bengal, Maharashtra, Tamil Nadu and Assam--plan to raise a debate at the congress on the documents they produced for state-level conferences held over the past two months. While their ability to force a discussion depends on their number--which, they complain, is under represented, thanks to the "intolerance" of the party leadership--at least some of them hope to be able to win more support during the deliberations.

The dissidents' critique of the CPI leadership resembles in many respects the point of view advanced by Mr. S. A. Dange, former CPI chairman, who now heads the tiny All-India Communist Party.

In particular, in one of the major documents circulated by them, the dissidents attack the party leadership for its "utter distortion" of the positions adopted at the last congress in Bhatinda, for its "sectarian understanding" of the "left and democratic front" slogan, for its alliance with Mr. Charan Singh's Lok Dal in the Lok Sabha election of 1980, and for its "anti-Congressism".

The document repeatedly emphasizes the importance of not taking a "negative" position vis-a-vis the Congress (I), which as "the biggest political party of the national bourgeoisie", must have some role in the strategic concept of the "national democratic revolution" to which the CPI is programmatically committed.

The document argues that the CPI leadership took, between 1978 and March, 1980, an anti-Congress (I) posture which it modified only later. And although now the leadership affirms that it would have no hesitation in supporting such of Mrs. Gandhi's policies and positions as it thinks are correct (e.g., against U.S. imperialism, defence of the country's security and integrity, defence of the public sector, etc.), it is dishonestly presenting a continuity with its conduct during the Janata regime and until Mrs. Gandhi's victory in 1980.

The dissidents' document links this "anti-Congressism" to the CPI leadership's policy of "appeasing" the CPM. The CPM, in the dissidents' view, subordinated the "left and democratic front" concept to a "democratic (anti-Congress (I) front" perspective in the 1980 elections.

In order to appease the CPM, the CPI leadership refused a ticket to Mr. S. A. Dange (who, it is known, had demanded one for a purely tactical, demonstrative purpose), in the Lok Sabha poll of 1980 "so that our position is not misunderstood by the Left parties, and further, we brought down the CPI-led government in Kerala to pave the way for meaningful negotiations with the CPM" in return in the matter of seat allocation in both West Bengal and Kerala is too well known to need a mention here."

The document of the dissident groups traces the differences between the CPI and CPM to the 1964 split in which the issue of "anti-Congressism" was pivotal. It argues that the other "bourgeois" (opposition) parties are certainly no better than the Congress (I). "The Congress (I) has at least the support of a much bigger section of the people."

It also characterises the party leadership's use of the terms "authoritarianism" as "loose" and obfuscating its "class content." "If the term is to be used in the context of personal behaviour, can it be really said that Mr. Charan Singh is less authoritarian than Mrs. Indira Gandhi? Is it not a fact that the RSS, based on communal reaction, and the BJP, based on the RSS, are far more authoritarian than Mrs. Indira Gandhi and her party?"

Besides criticising the CPI leadership for not taking a clear enough stand in its discussion with the CPM on the BJP, the document warns against the party's "involvement in opportunist politics through our participation in a permanent front of opportunist parties" of the right.

The dissidents have also accused the party leadership of attempting to resist and curtail "inner-party discussion" through various tactics, such as delaying the publication of the "review report", a document usually circulated well in advance of Communist Party congresses. Such a review report, argue the dissidents, is absolutely crucial, especially because of the split that took place in the CPI last year, when Mr. Dange had to be expelled and thousands of his supporters quit the party. There is no mention of the split in the draft political resolution prepared for the Varanasi congress by the CPI leadership.

The dissidents enjoy the support of about two-fifths of the West Bengal membership of the CPI, about a quarter of its Maharashtra members, the overwhelming majority of the Assam committee and nearly a third of the Tamil Nadu party. They typically have a trade union base.

They are reported to be rather poorly represented among the delegates to the Varanasi congress. "However, we hope to increase our strength", says one of them. "The recent developments in Indo-Soviet relations might contribute to our strength."

The calculation is based on the view that the eagerness with which the Soviet Union has sent to New Delhi a high-powered military delegation headed by Marshal Ustinov as well as the apparent on-going shake-up in Moscow might herald a new phase in Indo-Soviet relations, marked by a much softer Soviet attitude towards Mrs. Gandhi. And this speculation might impel the CPI leadership to take a somewhat less hostile stand towards the dissidents, allowing some debate to take place.

"At least there is a chance this will happen", says the leader quoted earlier. "We are looking forward precisely to such a chance."

CSO: 4220/7019

RECORD HIGH IN OIL PRODUCTION REACHED IN FEBRUARY

Bombay THE TIMES OF INDIA in English 20 Mar 82 p 6

[Text] Oil production from onshore and offshore fields in the last 11 months ended February reached an all-time high of 14.52 million tonnes.

This marked an increase of 56.9 per cent over the production of 9.25 million tonnes in the corresponding period last year.

An official press note issued by the petroleum ministry said the low production trend in the previous period, was, however, no reflection on the overall production trend since the major shortfall was in Assam where agitation had affected operations.

This was particularly so in the case of fields operated by the Oil and Natural Gas Commission which could produce only 2.91 lakh tonnes of oil during April-February in the current financial year. This year's figure for ONGC fields is 1.58 million tonnes.

Oil India Limited (OIL), which had also been hit by the Assam agitation and could produce only a little over one million tonnes of crude, had produced 2.75 million tonnes in the period April to February.

Oilfields in the Gujarat region registered production slightly exceeding the planned extraction of crude. Till February end in the current financial year ONGC fields in the region produced 3.15 million tonnes of crude, against the planned production of 3.09 million tonnes.

The increase in oil production from ONGC's offshore projects was substantial. Production from Bombay High went up by 59.9 per cent during April-February in the current financial year. Till the end of February 7.04 million tonnes of crude had been produced from this offshore field, against 4.4 million in the corresponding period last year.

CSO: 4220/7019

BRIEFS

CHIEFS OF STAFF CHAIRMAN--General K. V. Krishna Rao, Chief of the Army Staff, has taken over as Chairman of the Chiefs of Staff Committee. Gen. Krishna Rao assumed charge of this post following the retirement of Admiral R. L. Pereira as Chief of the Naval Staff. Admiral Pereira was the Chairman of the Committee till March 1. The chairmanship of the Committee goes automatically to the seniormost of the three chiefs. [Text] [Madras THE HINDU in English 8 Mar 82 p 16]

YUGOSLAV PARLIAMENTARY DELEGATION--The Prime Minister, Mrs. Indira Gandhi, told a Yugoslav parliamentary delegation today that non-aligned movement had greater relevance now in the context of growing military dangers in the Indian Ocean and in countries neighbouring India. India and Yugoslav, she told the delegation during half an hour meeting, had a special responsibility and part to play in preventing the drift towards military dangers. Conveying her warm greetings to the Yugoslav leadership, Mrs. Gandhi recalled the close association that had existed between the two countries. She said India believed deeply that the non-aligned movement had greater relevance today than when it was founded by Marshal Tito, President Nasser and Mr. Jawaharlal Nehru. The delegation was led by Mr. Dragoslav Markovic, president of the Federal Assembly, and consisted of four members of parliament. [Text] [Bombay THE TIMES OF INDIA in English 18 Mar 82 p 23]

JAMMU, KASHMIR MINISTER--The Jammu and Kashmir Finance Minister, Mr Devdas Thakur, was reported to have resigned here today following differences over the nomination of a candidate for one of the two vacant Rajya Sabha seats in the State. Differences had cropped up when the State Power Minister, Mr G. M. Shah, son-in-law of the Chief Minister, drafted Mr Kashmir Singh as his nominee and Mr Thakur's nominee, Mr Raunaq Singh, was not accepted as the candidate of the National Conference. [Text] [Calcutta THE STATESMAN in English 21 Mar 82 p 1]

BRITISH HIGH COMMISSIONER--Mr Robert Wade-Gery, a career diplomat has been appointed British High Commissioner to India, it was officially announced here today, reports UNI. He replaces Sir John Thomson who has been appointed Britain's permanent representative to the U.N. Mr Wade-Gery has held important diplomatic assignments in Tel-Aviv, Saigon, Vietnam, and Moscow. [Text] [Calcutta THE STATESMAN in English 20 Mar 82 p 1]

MAHARASHTRA GOVERNOR--Retired Air Chief Marshal Idris Hasan Latif was sworn in Maharashtra governor at a Raj Bhavan ceremony today. The oath of office and secrecy was administered by the chief justice of the Bombay high court, Mr. V.S. Deshpande. Among those present on the occasion were the chief minister, Mr. Babasaheb Bhosale, his cabinet colleagues, diplomats, officials and prominent citizens. The chief secretary to the Maharashtra government, Mr. P.G. Gavai, read out the warrant of the governor's appointment. Later, the governor inspected a naval guard of honour. Earlier, Mr. Latif arrived in Bombay by air. He was welcomed by the chief minister, Mr. Babasaheb Bhosale, and several other dignitaries. He was presented a guard of honour by the Bombay police. [Text] [Bombay THE TIMES OF INDIA in English 7 Mar 82 p 1]

ITALIAN PRODUCTION COLLABORATION--The Central Government has approved the collaboration agreement entered into by the Hindustan Teleprinters with the Italian firm Olivetti for manufacture of electric typewriters. Dr. B. C. Seetharaman, Chairman and Managing Director, HTL said that HTL had already paid the first instalment of the know how fees out of a total of Rs. 84 lakhs. The technology to be acquired was of the non-electronic version with conventional typebasket printing units. This technology was not likely to be rendered obsolete by new developments in the field. HTL proposed to manufacture in the first year (1982-83) 1,000 pieces by importing completely knocked down/semi knocked down components with a progressive production of 3,000 in the second year, 5000 in the third year and reach a maximum capacity of 15,000 typewriters in the fourth/fifth years through indigenous manufacture of components. The price would be roughly 30 per cent more than the cost of mechanical typewriter. HTL had developed Data Modems in collaboration with the Telecom Research Centre of the Union Ministry of Communications. Sixty pieces were being supplied to the Post and Telegraphs Department this year. The company had taken up for development 4.8K bits and 9.8K bits Data Modems. These would be taken up for production in about two years. HTL had proposed to diversify into new areas of computer peripherals like floppy disc drives and line printers. Negotiations were in an advanced stage for collaboration agreement to produce floppy disc drives. [Text] [Madras THE HINDU in English 7 Mar 82 p 6]

INDUSTRIAL GROWTH RATE--The average monthly index of industrial production for 1981 has shown a 9.4 per cent rise over the previous year. According to official estimates, the average monthly index for the first nine months (April-December) of 1981-82 recorded a 9.6 per cent rise over the corresponding period of 1980-81. The general index for December 1981 stood at 183.4 recording a 8.2 per cent rise over the corresponding month of 1980. During the year, mining sector recorded the highest increase of 18.1 per cent over 1980, followed by electricity with 11.3 per cent and manufacturing with 8.1 per cent. In the first nine months of 1981-82, the mining sector improved output by 18 per cent, electricity by 11.2 per cent and manufacturing by 8.4 per cent. [Text] [Madras THE HINDU in English 7 Mar 82 p 6]

RAJASTHAN GOVERNOR--Air Chief Marshal (Retd.) O.P. Mehra was sworn in as the governor of Rajasthan at a simple ceremony at Raj Bhavan here today. Earlier, he was received at the airport by the chief minister, Mr. Shiv Charan Mathur, [Bombay THE TIMES OF INDIA in English 7 Mar 82 p 1]

COALITION PROSPECTS, KPNLF, DK STRENGTHS DISCUSSED

Islamabad THE MUSLIM in English 1 Apr 82 p 5

[Article by Tony Walker]

[Text] BEIJING: Prince Norodom Sihanouk is normally ebullient, but the former Cambodian head of state has responded gloomily to questions about the prospect of an anti-Vietnamese front being formed in Kampuchea.

His assessment is that the whole outlook for a "third force" coalition in Kampuchea is dismal. Little progress appears to have been made towards enticing Son Sann, the former Kampuchean Prime Minister, and his Khmer National People's Liberation Front into a three-way coalition with the Khmer Rouge and Sihanouk loyalists, the so-called "Moulinaka".

Prince Sihanouk and the Khmer Rouge Prime Minister Khieu Samphan have agreed in Beijing on the terms for a coalition. But the agreement was rendered virtually meaningless by the absence of Son Sann who remained in Europe, shunning efforts by Prince Sihanouk and the Chinese to entice him into three way discussions.

And as Prince Sihanouk conceded in his written response to a series of questions from *The Age*, there seemed little prospect of agreement between the extreme and contradictory positions of the Khmer Rouge and Son Sannists.

Son Sann, as he made clear at three-way talks in Singapore late last year with Prince Sihanouk and Khieu Samphan, is demanding a high price for his participation in the united front coalition.

Not only does he want the main portfolios for himself and his lieutenants in coalition of "unequals" as the unlikely partnership of the Khmer Rouge, Son Sannists and Moulinaka is described

by some diplomats here, but he also wants the strength of his rag-tag army of 4,000 brought up to the same level as the forces of Pol Pot which number about 25,000 reasonably well-armed guerrillas.

The Son Sann position is not acceptable to the Khmer Rouge which is unwilling to make itself subservient to the Son Sann forces for which it has little respect, claiming that they are more interested in smuggling than fighting the Vietnamese.

Chinese officials themselves make similar derogatory remarks about Son Sann's supporters. A Chinese vice-foreign minister confided recently that even though China is supplying arms to Son Sann there seemed little point as supporters of the former Kampuchean Prime Minister showed little inclination to fight.

However, Khieu Samphan's presence in Beijing demonstrates the huge diplomatic investment China is making in trying to bring together the disparate elements of Khmer nationalism.

Without a three-way agreement between the Khmer Rouge, Son Sann and Prince Sihanouk, there is almost no chance of a "third force" getting off the ground in Kampuchea. The implication of this for the Chinese and the Khmer Rouge is that international support, particularly at the United Nations, will be increasingly difficult to maintain.

Beijing and the Khmer Rouge need Son Sann to participate in the coalition to help neutralise the nasty political stench exuded by those, including Khieu Samphan himself, who were associated with the diabolical Pol Pot regime.

It is not surprising that Son Sann has put a high price on his participation in this little exercise in international diplomacy, saying he is not prepared to walk into a

tiger's cage armed only with a stick, or words to that effect. Judging from past experience who can't blame him?

The search for a coalition, if events in Beijing are any guide, has taken on an Alice in Wonderland quality. Prince Sihanouk and Khieu Samphan have joined the tea party thrown by the Chinese. Son Sann as yet hasn't, and there is no guarantee that even if he does, the cause of those opposed to the Vietnamese presence will be advanced anyway.

The agreement reached by Prince Sihanouk and Khieu Samphan is for a tighter coalition than that envisaged by the countries of the Association of Southeast Asian Nations (ASEAN) which had suggested a "loose" arrangement as a first step in getting a third force off the ground.

Son Sann had shown some interest in ASEAN's "loose" coalition idea so the call by the Khmer Rouge for a more rigid arrangement may have the effect of further dampening his enthusiasm for a partnership.

Where all this leaves ASEAN, which has made it clear it is getting restless over the lack of progress towards a coalition, is uncertain. Malaysia and Indonesia, particularly, have expressed irritation over the apparent inability of those opposed to the Vietnamese presence in Kampuchea, to reach agreement.

ASEAN diplomats in Beijing doubt, however, that the regional group will abandon efforts to promote a coalition just yet, although one warned that if there is no progress "other options" many have to be studied.

One of the questions put to Prince Sihanouk was what odds he would put on the chances of a coalition being formed. His reply: "I am not a betting man, but I can say that I am not very optimistic".

MONG RETURNEE FROM THAILAND INTERVIEWED ON REFUGEE FLIGHT, CHEMICAL WARFARE

Vientiane VIENTIANE MAI in Lao 15 Mar 82 p 2

[Report on interview with comrade Yong Yaoli, a Mong of KM 52 Village, by Mr (Klang) Evans, a member of the Communist Party of Australia and a researcher in a university in Australia, on the occasion of his visit on February 23, 1982: "American Imperialists Are the Ones Who Used Chemical Poison to Kill the Lao People;"]

[Text] The following is an interview with comrade Yong Yaoli, a Mong of KM 52 Village, by Mr (Klang) Evans, a member of the Communist Party of Australia, during his visit on February 23, 1982. VIENTIANE MAI presents the details of the interview below.

Yong Yaoli: We are happy to welcome all representatives who are visiting us this time. The news of the communist party member's visit made us happy as soon as we heard about it. The place where we welcomed you is not very spacious, but we would like to welcome you with all our heart. If you have any questions we will answer with the truth.

Mr Evans: First of all, I want to say that we love you all, and I want to express my gratitude to the Ministry of Foreign Affairs and Vientiane Province who made it possible for me to come to visit this Mong village today. Before coming here I visited Xieng Khouang Province for seven days. It was cool, but I also received the warmest welcome from the Mong people there.

I am here today with many questions. If the questions tire you, please forgive me. I am a researcher at an Australian university and a member of the Communist Party of Australia. I will use this interview to write my thesis in order to tell my people about the Mong tribes.

I would like to know how long you have lived here and where you are from. What was the reason you moved, and what transportation did you use when you moved?

Yong Yaoli: Thank you for your questions. I will answer you as follows.

We have been here since 1970. We came from many different provinces, for example, Sam Neua, Xieng Khouang, and Khammouan Provinces.

The reason we came here was because of the aggression by the American imperialists. We were afraid we would die because:

1. the American imperialists dropped bombs
2. Vang Pao drafted many of our children to die for them.

When they brought us in, we flew into Long Cheng. We saw that Vang Pao was involved in the war, and we didn't like it; we didn't want to die, so we escaped a few at a time, walking across mountains, deep brooks, and steep cliffs, as many as 5-6 days, and then we walked through the jungle. We reached this place with great difficulty. Many people died along the way.

In the beginning we had only our two bare hands, some clothes, household items, food, and medicine. The old regime never paid any attention to us. It was only we [who helped ourselves]. Some people had money with them, which they exchanged and used to buy some tools to build their houses with a little help from each of us.

When we first came, there were only over one hundred families. Now there are more than four hundred families.

Since 1975, the year of liberation, the party and government has taken good care of us. They have a good policy. They guide us in how to earn our living, and the standard of living among the Mong tribes has been greatly improved. There has been less sickness and death. There are doctors and schools. We can say in general that nowadays our standard of living is better because of the brilliant clear-sightedness of the Lao People's Revolutionary Party that cares for us, and has a plan for us. This sure is the case, unlike the rotten, stinking old regime.

Mr Evans: I have more questions. Why did some Mong escape to Thailand? After escaping, why do they return? Who took them there? Did they have to pay someone to take them there? How much did they have to pay them?

Yong Yaoli: These questions are interesting, and we would answer as follows.

We Mong have a low cultural level. We live in the mountains and jungle. We are not educated. When the enemy propagandized us and persuaded us to follow Vang Pao, we didn't know anything so we just went along with them. They told us that we would have an easy life, so we went.

However, when we got there it was not like what they had told us. We were captured and fenced in by the Thai reactionary authorities in detention camps. We could not go anywhere. There was not enough food and clothing. Not only that, we were hit over the head. It was real torture. Children were separated from their parents, and did not see each other. Some died. We were not taken good care of in the detention camps. We were tricked until we had no money left.

It was the reactionaries who went with Vang Pao who then came to propagandize and lured us there. When we reached the bank of the Mekong River there was a Thai reactionary's boat to pick us up. Each Mong had to pay one silver chalice. When we escaped we sneaked through the jungle for about 4-5 days before we reached the bank of the Mekong. Many people died.

Once we got there it was not like what they had propagandized. They had lied to us. We were tortured both psychologically and physically. There was no freedom. There was not enough food. The place to sleep was not much different from a chicken coop. When there was sickness we were not taken care of. When we experienced these terrible things we wanted to return.

Mr Evans: How did you manage to return?

Yong Yaoli: Actually, although we wanted to come back very much, we were afraid because the reactionaries said that whenever we returned they would kill us. But we could not tolerate it any longer. If we stayed there it was torture, so we decided to report this to the United Nations, and asked to be sent back. Even though upon return they would kill us, it didn't make any difference.

Mr Evans: What happened once you got here?

Yong Yaoli: When we arrived there were government officials who welcomed and accommodated us, and talked to us, and then brought us here and also made a requisition for the things [we needed]. We were very happy. It was not like what they had propagandized. They even hired a car to bring our wives back to live with us. Our wives lived near the border of Vietnam, and now they are here with us, thanks to the party and government.

Mr Evans: I would like to ask the leader of the Mong about Li Tek [translation unknown].

Yong Yaoli: The Li Tek of the old regime worked in the administrative unit of the Ministry of Interior. When Li Tek did not like warlords like Vang Pao, this conflict led us to escape to this place in 1975. After liberation, Li Tek was sent to be trained in Vieng Sai.

Mr Evans: I would like to ask more about the chemical problem, the poisons. Have you ever seen the chemical? Do you know anything about this?

Yong Yaoli: From the time the American imperialists were engaged in the war they dropped all kinds of bombs big and small in the mountains and jungle. Sometimes we did not know what kinds they were, there were so many of them. Besides this, the Americans sprayed poison chemicals over the mountainous areas where the Mong lived.

Mr Evans: Can you possibly tell me what color it was?

Yong Yaoli: I do not know what color it was. I only saw it on the grass which was wilted and dead as if it had been scalded by hot water. This was a long time ago (during the aggression of the American imperialists).

Now there is no such thing. However, I heard the news on the radio say that there was poison aimed to kill the Mong. I myself think it is just propaganda and slander of the American imperialists. Actually, they themselves used the [poison chemicals] in order to kill our people. This is what I want to say openly about it. Even though most of us have a low cultural level we know what is just or unjust. We all stand by the party and government. We will absolutely follow and believe in the party and the government. Nothing can change us.

9884

CSO: 4206/41

NAM NGUM GENERATORS REPAIRED WITH FOREIGN HELP, JAPANESE AID

Vientiane VIENTIANE MAI in Lao 12 Mar 82 p 1

[Article: Repair of Generators 1 and 2 of Nam Ngum Hydroelectric Dam]

[Text] Repairs on Generators 1 and 2 of the Nam Ngum hydroelectric dam were completed last March 9 after some technical experts and workers of the Lao State Electrification Enterprise along with several foreign experts worked together for six full months.

Each of these two generators that were just repaired is able to produce 15,000 kilowatts of electric power and have been producing electricity for more than 10 years, until the middle of last September, 1981, when the Lao State Electrification Enterprise started to repair them with the help of the Japanese government. The cost of the repairs amounted to 55 million yen. Mr Khammon Phonkeow, the director of the Lao State Electrification Enterprise, disclosed that from 1100 hours on March 9, 1982, generators 1 and 2 will start producing electricity at their normal full capacity along with generators 3 and 4 that are now producing electricity.

Mr Khammon Phonkeow added that this achievement which our cadres and workers struggled for was a great contribution in facilitating agriculture and industry in order to advance towards the implementation of the first Five Year Plan of our government during the period of protecting and constructing the socialist nation. Moreover, it was a great success that greeted the Third Congress of the Lao People's Revolutionary Party, the organizer and leader of all victories of the Lao revolution.

9884

CSO: 4206/41

CONCERNS VOICED OVER LIMITATIONS ON FREEDOM OF MOVEMENT, MARRIAGE

Vientiane VIENTIANE MAI in Lao 12 Mar 82 p 2; 13 Mar 82 p 2, 4

[12 Mar 82 p 2]

[excerpts] [Questions] 2. Would there be anything wrong if single people who share room and board with others like us in the security forces learned [foreign] languages from private teachers, if this is not done during official hours?

3. In asking permission to marry, or to return to work in one's own province, or to leave for an administrative job in a state enterprise, or for a transfer to another unit I have heard people in my unit say that it is enemy psychological warfare. Is this true?

Suppose one wanted to return to his own area, but the higher-ups would not approve the change, and then that person told the organization he did not want to return, and he determinedly and enthusiastically scored achievements in the job. However, his achievements at the end of the year were not counted, because the organization appraised him as not having a strong ideology. So does this mean that if one made an error in one month, that the year's achievements would not compensate for it?

When one has a scar, he cannot erase it no matter what he does. Is this true?

Sincerely,

Onkeow Phetgnavong
Ministry of Interior
February 15, 1982

[13 Mar 82 p 2, 4]

[Excerpt] [Answer] 2. There is no restriction for those who want to learn because learning is beneficial for oneself and for society in general. There is no error if you are not absent from work. It is all right.

3. Whether to settle down, to ask to be transferred, and to ask permission to marry is the right and responsibility of Lao people of all ages and sexes who are able. However, these must be done within the laws of the country, especially for government employees and workers who must also think about the demands of the job. When a request for a transfer is made but is not granted and that person comes back to resume the same job, this would not be considered a weak point at all, if the person who asked to be transferred worked determinedly, diligently, and has true solid principles and qualifications. However, if there is no confidence, strength, enthusiasm, and qualifications, not only the person who requests the transfer but also those who do not ask to go anywhere will have weak points.

9884

CSO: 4206/41

FIRST MALDIVES COMMERCIAL BANK ESTABLISHED

Colombo DAILY NEWS in English 30 Mar 82 p 3

[Article by G. M. Wickremasinghe]

[Text]

The Maldives will soon set up the first Maldivian Commercial Bank in collaboration with a Banking and Financing Company of Bangladesh.

An agreement to this effect was signed on March 14, in Male' by the Deputy Director of Finance Mr. Ali gha-reef on behalf of the Maldivian Government and Mr. A. M. Agha Yousuf and Mr. Mustaqbal Balheen, the Chairman and Managing Director of International Finance and Investment Company Limited (IFILC) of Bangladesh, on behalf of the IFILC.

The Maldivian Government will have 60 per cent shares of this Bank, which will have 20 million Maldivian

rufiyaa as equity capital and 10 million rufiyaa as paid-up capital while the balance 40 per cent will be invested by the IFILC, which will have the management control of the Bank for ten years, according to the local paper "Haathfa" which quoted official sources.

According to state radio, the Voice of Maldives, the Government's shares will be bought by the state-run Maldives Shipping Limited, State Trading Organisation and Maldives Transport and Contracting Company.

At the initial stage, Bangladesh staff will manage the new Bank and train the Maldivian personnel so as to enable the locals to manage it themselves after three years.

The new Bank, to be named "Bank of Maldives", will be commis-

sioned within two months according to reliable sources, to function along with the other existing foreign-owned commercial banks, the State Bank of India, the oldest of its kind in the country, the Habib Bank of Pakistan and the Bank of Ceylon, the youngest set up in May last year.

It was only mid-last year that the Maldives established a Monetary Authority which is the country's equivalent to a Central Bank and unconfirmed reports say that the country is now contemplating the creation of its own Insurance Company too, for the first time.

The only Insurance Agency now functioning in Male' is the branch of the Sri Lanka Insurance Corporation about the performance of which, the Maldivian authorities appear to be not satisfied, according to official sources.

CSO: 4220/497

PADDY PRODUCTION INCREASE REPORTED

Kathmandu THE RISING NEPAL in English 30-31 Mar 82 p 1

[Text] Kathmandu, March 29:

Paddy production in the Kingdom in the current fiscal year has exceeded that of the last fiscal year by 30,500 metric tons, reports RSS.

According to the agriculture information section, total paddy yield this fiscal year reached 2,494,710 metric tons as against 2,464,310 metric tons last fiscal year.

Altogether 1,283,220 hectares of land was brought under paddy in the country this fiscal year as against 1,275,520 hectares last fiscal year.

According to a preliminary statistics collected by the Food and Agriculture Marketing Services Department, biggest area of land (91,380 hectares) was brought under paddy cultivation in Jhapa district this fiscal year. The total paddy yield in that district was 137,070 metric tons.

Least amount of paddy was produced this year in Mustang district where only twenty hectares of land was brought under paddy

cultivation.

Manang is the only district where paddy is not cultivated.

Region-wise, the Central Development Region has topped the list in paddy production while the Far Western Development Region has been placed at the bottom of the list.

The Central Development Region brought 423,410 hectares under paddy and produced 992,390 metric tons this fiscal year.

Similarly, paddy was cultivated in 420,110 hectares in Eastern Development Region, 240,880 hectares in Western Development Region and 111,890 hectares in mid-Western development region this fiscal year. The total paddy production in the three regions was 690,900 metric tons, 431,950 metric tons and 215,510 metric tons respectively.

NEW ITALIAN ENVOY APPOINTED

Kathmandu THE RISING NEPAL in English 30-31 Mar 82 p 1

[Text]

Kathmandu, March 31:

Dr. Enrico Calamai has been appointed Ambassador of the Republic of Italy to Nepal, according to Foreign Ministry press release, reports RSS.

Dr. Calamai will be resident in Kathmandu.

Previously the Italian Ambassador to India used to be concurrently accredited to Nepal

CSO: 4220/492

CARE IN BUREAUCRATIC REFORM SUGGESTED

Islamabad THE MUSLIM in English 25 Mar 82 p 4

[Editorial: "Towards a Gradeless Bureaucracy?"]

[Text]

PAKISTAN'S bureaucracy seems destined for yet another overhaul which, in all probability, would provide more cosmetic change in nomenclature than genuine restructuring of a grade-conscious holdover from our colonial past. An indication of possible change has come from a recent Presidential speech where it was stated that the "Government is seriously considering abolishing the grade system".

Our bureaucratic elite undertakes periodic efforts to 'reform' itself, a difficult task indeed for an institution whose hallmark is contemptible arrogance towards its own people and sycophantic acquiescence to the powers that be. Previously, there were classes - I-IV - in Government service and these were followed by a system where "classes" were replaced by "Grades". In terms of authority and power, the bureaucracy underwent little or no change. We are not sure what is to come in place of the grade system or whether any new attempt will be fruitful given our past experience in this regard. There are a few options, but the new system should not have the defects of the old class system or the drawbacks of the subsequent grade pattern. Divising such a system and ensuring that public servants remain in reality what they are instead of playing the role of ruling servants is far from an easy task.

In a country where the rate of literacy is low and higher education is not common, bureaucrats tend to become powerful. This power increases in a country with an economy based on licences and permits. The authority of the bureaucracy then becomes infinite and scope for corruption increases in proportion to the scarcity of such licences or permits and the premium they enjoy in the market. Within such a socio-economic system, whether officials are grouped together under a class system or a grade structure, they become too authoritarian.

This authority of the officials is further strengthened in countries where the democratic set up fails too often and the

popular will is hardly a factor in the shaping of policies. When public servants hold offices normally held by elected leaders, and are called upon to lead the country instead of executing policies formulated by the legislature, their attitude to the people is one of aloofness and indifference. Thus public servants in Pakistan cannot be blamed altogether if their postures and postulates are a world apart from what they ought to be. They are able to flourish in a vacuum created by the political failure of the leaders.

In such an atmosphere not only a vast chasm appears between the public servants and the public but also among the various classes or groups within the officials. In a country with feudal background as that of Pakistan, the difference between higher grade and lower grade officers becomes acute. If public servants thought their prime duty was serving the public, such problems would not have arisen, but when rank, grade and status become more important the struggle for higher grades takes precedence over other factors.

If the struggle for higher grades is often motivated by the craving for status symbols and the relative luxuries that come with the top grades, the demand for higher grades in the lower group of civil servants is spurred by the need for more money. The lower grade employees, whether they be teachers or others beyond the realm of power or executive authority, clamour for higher grades to maintain minimal middle-class living standards.

The problem cannot be solved by higher salaries as that would only aggravate inflation. The government proposes to give them other benefits to reduce the financial pressure on them. But whatever is given will cost money to the government in one form or another. Hence the real solution lies in holding down the prices and in re-examining the oppressive tax structure. Any relief measures considered by the government now should be helpful to the fixed income group as a whole. In regards the question of abolishing grades, the Government should be clear as what role the bureaucracy has to play. This role changes, to some extent, in a democratic system and is different under Martial Law. In the former situation, bureaucrats are meant to be paper-pushers and implementors of policies decided by the representative political government. In the latter, they are more often makers of policy with little or no accountability. Unless this aspect is clear, it may not be such a good idea to rock the bureaucratic boat unnecessarily.

CSO: 4220/500

GOVERNMENT ATTITUDE TOWARD PRESS CRITICIZED

Karachi DAWN in English 2 Apr 82 p 15

[Editorial: "The Last Watchdog"]

[Text] A NUMBER of points about journalism have been raised by President Zia-ul-Haq in his speech at the annual function of the All-Pakistan Newspapers Society. Foremost among these, perhaps, was his reference to the fact that newspapers publish public complaints, particularly those relating to the function of Government departments. The President was of the opinion that newspapers should first confirm the validity of a complaint, or "check the facts" as he put it, from the concerned department — failing which it should publish official rebuttals with the same prominence as was given to the original complaint. Where the matter of checking facts is concerned, it must be stressed that it will be almost impossible, and self-defeating in purpose. No Government department about which a complaint has been sent to a newspaper is going to own up to its acts or omissions. The best that can be hoped for is that an enquiry of sorts will be put into motion, but it can be taken for granted that, in by far the majority of cases, the motives of a departmental enquiry will be self-defence, and its progress slow.

It should be pointed out here

that in the political and social circumstances prevailing in the country — not just at this time but earlier also — newspapers have been the only medium through which people could normally air their grievances and, perhaps, cause some action to be taken. This, again, is not saying much considering the restrictions under which newspapers have always functioned. The judiciary has helped, but it has often been too busy — and too expensive — for people to take recourse to when they have felt that an injustice has been done them. Besides, in many cases grievances are such that they cannot be brought before a court of law. No government since the formation of this country has seen fit to set up a machinery which can effectively put a stop to administrative excesses or lethargy, as the case may be. As far as the bureaucracy itself is concerned, it is a vast club which tends to close ranks whenever a member is threatened. It can safely be said that action — prosecution or whatever — is only taken against an officer within the bureaucracy in exceptional cases, and usually when it cannot be avoided. Under these circumstances, and with the political processes

in the country being what they are, what could the vast majority of the people with no 'connections' do to prevent an injustice done them?

It is not being suggested here that newspapers are a court of last resort, but it is true that, handicapped as they are, newspapers have been the largest single factor in eliciting a response from an often unwilling bureaucracy. Translated, this, of course, also means that they have been acting as watchdog for the people, and watchdogs can hardly expect to be popular with those who need to be watched. Lest it be supposed that newspapers publish public complaints as a matter of routine, it should be clarified that all complaints which are received are subjected to critical scrutiny — and by experienced journalists who are quite adept at detecting false notes. Libellous material is immediately rejected, and most newspapers of any size have legal advisers to whom borderline cases are referred. The rest of the material is sorted roughly according to the order of importance which a newspaper attaches to different kinds of complaints, since it is a permanent heart-

ache for newsmen that only a small proportion of the available material can be accommodated. Proof is usually not required when such material is published, but the writer's full name and address is, which, incidentally, is kept confidential if the writer so wishes to protect him from repercussions. If, after all these precautions – and in some cases newspapers do go to the extent of verifying certain facts – errors do creep in, newspapers are quite prompt about making amends, but this is as far as they are prepared to go. It is wrong to fetter them, and even the requirement that complaints should be checked, if it is ever required by law, that is, will hamper normal procedure to an extent that this part of a newspaper's service will become ineffective. For the many reasons listed above it is much more in the national interest that the Press be permitted to have whatever freedom it has in this area, for the good which it does is far more than the little harm which is caused by occasional errors of judgment.

Another point mentioned by President Zia-ul-Haq was the matter of training for journalists. While there is no objection to the idea as such – in fact, there is support among newspapers, for formal schooling in journalism it should be clarified that a journalist's real schooling begins on the job. For such a complex profession it is surprising how few techniques there are to it, and these are quickly learned. What really counts is

the basic capability which a person has, his grasp of affairs and the extent of his knowledge about almost every discipline there is. No school can possibly hope to teach all this. Schooling counts – sometimes, not always – when a person is specialising in any particular area, but then this is schooling in a particular subject, and not journalism. There are, of course, ways in which journalistic standards can be improved – to which the Government can contribute. One is the matter of remuneration, and this is being mentioned because the decision is taken by a Government-established Board. A comparison with the remuneration available to other 'key' professionals will be quite revealing, and provide part of the reason why few capable persons are attracted to journalism these days. This has more than a little bearing on the standard of newspapers.

Another matter which has a bearing on standards is the small number of local newspapers, which are truly nurseries for tomorrow's seasoned journalists. This brings us to the painful question of 'declarations'. Originally, declarations were exactly what the word implies: information to the Government that a newspaper or periodical is going to be published. For many years, however, this has taken on a different meaning and is synonymous with obtaining permission for bringing out a newspaper or periodical. This permission is very often refused, sometimes for political reasons,

but the lucky ones who have obtained it will testify to what a discouraging job it is getting a declaration. Most people do not have the strength to go through the procedure, which effectively throttles the casual journalistic activity so essential in any community. The result is that literary magazines which could have been published, even if only for a few issues, are still-born; college students who may wish to bring out a periodical, however ragged, give up. In a free atmosphere many such ventures would have been made, most would have probably failed to get off the ground, but undeniably each one would have had the seeds of success in it, either to pull through and become an accepted publication, or perhaps to fuel an ambition in a college student or a budding writer. None of this is possible now. A last point, about which much need not be said, is the lack of freedom under which the Press has always laboured in this country. There is a bit of an idealist in every true journalist, that is the nature of the profession, and few things are more soul-destroying than restrictions on someone who wishes to 'put things right'. When one knows this it is easier to understand why so many dedicated journalists have left the profession, and why so few young men who could be dedicated journalists are willing to enter the profession, and also why those who are still in the profession have lapsed into quiescence or ennui. This, too, has a bearing on standards.

SECURITY THREATS TO NATION ANALYZED

Lahore THE PAKISTAN TIMES in English 26 Mar 82 p 8

[Article by Lt-Gen (Ret) A. I. Akram]

[Text]

ON OUR western border we have Afghanistan and Iran, the former writhing under Soviet occupation, the latter in the throes of an Islamic fundamentalist revolution. This study is only concerned with Afghanistan. Iran, a dearly loved and deeply cherished neighbour with which we share centuries-old relations of religion and culture, is no problem for us. Indeed, it could be a source of strength.

The problem is Afghanistan. When Pakistan achieved independence and applied formally for admission to the United Nations, there was only one country in the world which opposed our admission. It was a neighbour and a Muslim neighbour: Afghanistan. That unhappy beginning seems to have marred our relations for a long time — relations which have been sullied by mudslinging, mischief-making, even petty armed incursions on their part, and salvaged by tolerance, bridge-building and, at times, exasperated patience on ours.

Bad relations

We even fought a war which we call the Bajaur Operation of 1961 — a brief, senseless clash of arms which would have

been comical but for the bullets fired and the lives lost. This state of strained relations, punctuated by on-again, off-again attempts at co-operation and friendship applies to the Government of Afghanistan and not to its citizens who are a noble and brave Muslim people closer to us than many other Muslim peoples in the world. The influence exercised by the Soviet Union and India over the Government of Afghanistan has done nothing to improve matters. It has, on the other hand, done much to aggravate them.

In the past the threat of war was never serious. A few minor clashes did take place, but the Pathan often looks upon fighting as "fun and games", provided it can be kept within bounds. When we fought India in 1965 and 1971, Afghanistan maintained a posture of peace on our western front. King Zahir Shah privately assured us that whenever we were engaged by our eastern neighbour we would have nothing to fear for on our western one. Zahir Shah was a Muslim and a staunch believer. But he is gone and his latest successors are an entirely different kind of people.

Those who talk dreamily of Muslim brotherhood precluding a conflict between Muslim and Muslim, take an unrealistic view of history. There have been wars between Muslim states, though only a fraction

of the Christian vs. Christian wars of history. Islam does provide a brotherhood as no other great religion of the world does; but, however tragic it may be for the spirit of Muslim brotherhood, Muslim states do now and then fight each other. Even in recent years we have seen such conflicts and one is raging at this very moment, viz., the Iraq-Iran war — perhaps the most pointless one of the century.

In Afghanistan we see a fiercely proud Muslim people ruled by a government which has nothing Islamic about it. The government belongs to the Communist Party and follows a Communist ideology, a Godless creed which is impervious to any feeling of Muslim brotherhood. A government which can heartlessly watch a quarter of its population — more than three million people — driven from their homes by bombs and bullets and forced to take shelter in neighbouring Muslim lands is not likely to be concerned with such niceties as Muslim ethics or good-neighbourliness.

Even so, Afghanistan by itself poses no threat to us. It is a small nation, the vast majority of whose population is against the government and the direction which the government is taking. Its armed forces have been reduced to a quarter of their former strength and are not in a state to engage in a major military

action. But Afghanistan is not alone; it is aided by a super-Power, 90,000 of whose troops, supported by a powerful air force, are in occupation of the country.

Russian thrust

Why the Russians went into Afghanistan in December 1979 has been the subject of much philosophical discussion by political strategists and thinkers, and further discussion is not required here. There are interesting theories: outflanking NATO, turning off the Persian Gulf oiltap getting to the Arabian Sea, just sheer imperialistic expansion. Suffice it to say that by occupying Afghanistan the Russians have got to within 500 kilometres of the Gulf and the Arabian Sea — whose warm waters they have cast covetous glances for a century, if not longer. If they were to block the Strait of Hormuz, Western Europe, which gets more than half its supply of oil through the Strait, would collapse, and the Soviet Union will have brought the West to its knees without firing a shot. If it gets to the Arabian Sea, the now powerful Soviet fleet would enjoy an even greater advantage over its opponents. The only Powers which stand in the way of the Russian advance are Pakistan and Iran, neither of which is likely to bow to Russian pressure.

The present Russian strength in Afghanistan is barely enough to prevent freedom-fighters from regaining control over the country. The Russian and their satellite Afghan forces are only just able to hold onto the cities and keep major communications open. They are certainly not in sufficient strength to indulge in adventures against the neighbours of Afghanistan. But it would not take long for the Russians to build up their strength two-fold or three-fold so that they have forces available for powerful sallies across Afghanistan's border. Even then, given the means, we could defend our territory. Pakistan is not a military midget and any neighbour would be wise to think twice before grappling with us. We could manage to defend our western border, at least make it very costly for any invader to invade. But what about the 'Shivaji' at our back?

With the Indo-Soviet Friendship Treaty in operation, with the help given by the Soviet Union to India in 1971 to enable the latter to invade East Pakistan (without which help India might not have had the courage to do that) it is unlikely that the 'Shivaji' will just sit and watch the flames of a conflagration on our western border. This could mean — horror of horrors — a war on two fronts.

CSO: 4220/499

INDIAN AMBASSADOR'S VIEWS CRITICIZED

Lahore THE PAKISTAN TIMES in English 28 Mar 82 pp 4, 5

[Article by Mushtaq Ahmad]

[Text]

THE LANGUAGE of diplomacy and the stamp of authenticity always command the attention of the government and the people of the country where they are made. Speeches and statements of diplomats are very carefully scrutinised, representing as they do the views of their governments.

The views expressed by diplomats are not necessarily their own, although they have to give the impression of owning them. A diplomat is a salesman of his country's foreign policy. The wares he sells are not fashioned by him and yet he has to convince his buyers of their genuineness and excellence. The seemingly stale saying that a diplomat is paid to lie about his country abroad has a lasting freshness about it. Not that he does not tell the truth but he cannot tell the whole of it without being untrue to his profession.

Listening to an otherwise able exposition of India's foreign policy by the outgoing Ambassador in Islamabad, I could not help feeling that it was an exercise in diplomatic ingenuity. Mr.

Natwar Singh, a career diplomat of long standing and experience, who has had the distinction of accompanying the Indian Prime Minister on her missions to twenty-nine countries of the five continents, will soon have the responsibility for the management of his country's foreign policy, and, in his new assignment as the Secretary of the Ministry of External Affairs, will be its principal spokesman. The speech delivered by him at Karachi had, therefore, the weight of authority behind it, but not the force of conviction that can stem only from an objective analysis. Objectivity is, however, not the wont of diplomacy, which seeks the attainment of objectives in the context of national rather than international interest.

The Indian Ambassador traced the origins of his country's foreign policy to the freedom movement, described by him as a unique phenomenon in history. An independent India had to have an independent foreign policy, whose independence only non-alignment could guarantee. The concept of non-alignment was India's contribution to internation-

al politics. Pandit Nehru who had done a lot of thinking and writing on it, Natwar Singh claimed, was its true founder and innovator. Described in many quarters as sitting-on-the-fence posture, he argued, it is now universally acclaimed in the Third World states as a policy of realism in a strife-torn world where the two super-powers are striving for their supremacy. This in itself is a testimony to its success, and a tribute to the role India has played in world affairs. New Delhi could play this role by scrupulously eschewing involvement on either side. Another essential of the concept, on which he laid a great stress, was non-interference in the internal affairs of other states, respect for their territorial integrity and political sovereignty. Such a policy, the Ambassador contended, India had steadfastly and successfully pursued since its independence.

Non-alignment

Nothing succeeds like success even in the realm of foreign policy, and what New Delhi has succeeded in demonstrating is not the triumph of a principle but

the reward of its artful employment in the domain of diplomacy. Non-alignment has never been a ruling principle with India. Its acceptance in theory did not rule out its rejection in practice. India was wedded to a policy of fraternisation with both the super-Powers, even while they were daggers drawn. Peace-making was not a part of policy planning except when it suberved its own national interest. In the early years, a mediating role in Korea and Indo-China was the consuming passion of her planners. China was not then recognised by the United States and India was pining for the recognition of its importance. If a reluctant Washington had to give in to Peking on its claim to a seat in the Security Council, and an indignant Moscow could not withhold assent, in that determination it was not ours or India's vote that really mattered. On deeper reflection the astute Ambassador would come to a different conclusion—his officials would not permit him to publicly state. But for the China question, the success attributed by him to a policy of non-alignment would have eluded the grasp of the Indian Government whose distinguished functionary he is.

What has lent an air of independence to India's foreign policy is the duality in its approach to the problems of international politics, especially in its relations with the super-Powers. If self-reliance was a necessary corollary of an independent foreign policy, dependence on American and Soviet aid for the implementation of its development programme and military planning was a negation of that thesis. Both Moscow and Washington are aware of the superior bargaining position New Delhi enjoys in dealing with them in matters of aid and trade. In certain areas, political as well as economic, it can almost dictate its terms.

and get away with them through a policy of alternating alignment with the United States and the Soviet Union. In the ultimate analysis expediency is the prime mover of diplomacy. Principles are a hindrance and not a help in its operation.

India's relations with the super-Powers are not guided by the principles of non-alignment. It is difficult to believe that Natwar Singh is himself convinced that these principles have been observed in the formulation of policies towards Pakistan. Throughout, the relationship between the two countries has been marred by acts of interference and intervention in Pakistan, threat of force and the use of force itself, paralysing its will to survive and dismembering it to make its survival more difficult. One hundred and four members of the United Nations belonging mostly to the non-aligned world, through their vote in the General Assembly, had urged for the withdrawal of its invading armies from what is now Bangladesh to which India turned a deaf ear on the unstated premise that the resolution was tantamount to an interference with the legitimate exercise of sovereignty. The strong exception taken to Mr Agha Hilali's reference to Kashmir in the Human Rights Commission at Geneva by the Indian delegate, is a confession of a guilty complex on India's part. Some of India's leading politicians and newspapers have New Delhi's outbursts as a pretext for sabotaging Pakistan's no-war pact offer. The Ambassador echoed his government's reaction that Kashmir was no longer a concern of any outside authority, not even of the United Nations. He reiterated Mrs Indira Gandhi's statement that the modalities for its settlement were already determined by the Simla Accord which, in Natwar Singh's words, is the bedrock of Indo-Pakistan rela-

tions. It is an agreement for a bilateral settlement of all disputes, rendering all the resolutions of the United Nations outdated and obsolete. The contention amounts to a flat repudiation of the authority of the world organisation. And if it is repudiated in the case of the Sub-Continent, why uphold it elsewhere is a mystery only the ingenuity of the Indian diplomats can unravel.

A decision to outlaw the United Nations from the Sub-Continent would have been explicitly mentioned in the Simla Agreement and not left to be read into it by either party to suit its convenience. There can be no agreement without mutual consent. The Indian interpretation of the Agreement itself is an interference in Pakistan's sovereignty. After India had violated Pakistan's territorial rights by the annexation of the greater part of the state of Jammu and Kashmir on the spurious plea that the Maharaja had acceded to the Indian Union, it conferred on one single individual the disposal power over the entire territory and the population inhabiting it.

On warpath

Simply stated, India would deny Pakistan the right to go to the United Nations for the settlement of its disputes and to acquire arms from the United States for its self-deterrence. If Pakistan does any of these things India would spurn the no-war pact offer, and may be on the warpath despite its dedication to the principle of non-interference so eloquently expressed by the Indian Ambassador in his speech on non-alignment policy. While India would put irksome restraints on Pakistan's freedom of action, its own freedom of action in arming itself with the latest weapons from the arsenals of Germany, France, the Soviet Union and even the United States to feed its nuclear plants

must remain absolutely unrestrained.

Pakistan's package deal with America it is argued is not necessary for Pakistan since Pakistan has no longer any responsibility for defence in the East after the separation of Bangladesh. The implication is that India has taken over that responsibility, and probably Bangladesh would be told that its resources do not permit any expenditure on its defence and that in any case, it should have no fears from the Indian side of the border of any aggression; and even if any aggression took place, it would be powerless to defend itself against the might of its mighty neighbour. India has always been way ahead of Pakistan in the armament race for which this country has been blamed.

Referring to the population of 80 million Muslims in India as a vital element in Indo-Pakistan relations, Mr. Natwar Singh said that their safety was an object of concern for the govern-

ment. The sense of insecurity by which they are periodically haunted is a cause for concern not only to Pakistan but to the conscience of mankind. Oppression and persecution of this enormous population must eventually tarnish India's image in the eyes of the world, quite apart from the bitterness it will add to relations with Pakistan.

India and Pakistan have a wealth of experience, talent and wisdom from which mankind can benefit through their mutual co-operation. In close and cordial relations with Islamabad, New Delhi is deeply and sincerely interested. But the logic of India's foreign policy points in an opposite direction. India will always occupy a pivotal position in South Asia by dint of its geographical location, size, resources and manpower. New Delhi can cash on these assets by generating a climate of confidence in the Sub-Continent through a policy of live and let live.

CSO: 4220/499

BANK-CUSTOMER RELATIONSHIP STAND CLARIFIED

Karachi DAWN in English 17 Mar 82 pp 1, 10

[Excerpt]

ISLAMABAD, March 16: The Finance Ministry on Tuesday in a statement stated that no new measure which may violate the banking charter or secrecy of the Bank-customer relationship is contemplated by asking the Banks to fulfil their obligations under the Income Tax Act of 1922 as it stands at present while requiring the Banks to furnish to the Income Tax authorities under Section 141 of the Income Tax Ordinance, information relating to persons responsible for paying interest, commission, brokerage, rents and similar other payments.

The Finance Ministry statement refers to recent Press reports including a 'DAWN' report on March 15) saying that the Pakistan Banking Council and some foreign Banks have resented "the sweeping measure" of the Income Tax Department which, according them, negated "the principle of Bank-customer credibility" and caused "scare" among the depositors. Explaining the position, a senior official in the Finance Ministry said that the law which was invoked in respect of four or so foreign Banks had been in existence for about 50 years and was being observed by Banks by and large. The foreign Banks concerned had failed to observe the law and were therefore, asked to comply with it, he said.

The official further declared

that the present legal requirement did not seek to probe into the Bank deposits of those who did not come under the purview of the law and similarly non-resident Bank accounts were outside the pale of the law and its application. He indicated that the Government might have to use computer system in order to streamline the procedure to plug the loopholes in Income Tax collection from those who are required by law to pay tax on their income from interest, commission, brokerage etc.

CSO: 4220/499

WIDESPREAD CORRUPTION DEPLORED

Lahore THE PAKISTAN TIMES in English 12 Mar 82 p 6

[Editorial: "Combating Corruption"]

[Text]

While appealing to the Councillors to mobilise public opinion against corruption, Punjab Governor Lt.-Gen. Ghulam Jilani Khan has called it a deep-rooted problem requiring a most wide-ranging moral reform in society before it can be extirpated. Such, indeed, is the scale of this problem that some of the basic verities of life have become open to question. The citizen of today asks himself: how can I convince my child that honesty is the best policy when I am unable to make the society around me honest? However complex and deep-seated the causes of corruption, the observable fact is that it has crept into all walks of life; and the tragic ancillary to this fact is that instead of provoking sincere and honest reformatory reaction it has produced hypocrites who verbalise against it but remain organically a part of the system. The public office, traditionally corrupt

performs the function of validating dishonesty as a way of life. The venality of business enterprise has spread like an ugly blotch on the face of society to make adulteration and profiteering a part of the commercial ethic. Financial institutions, where money was considered safe against hazards, have become riddled with embezzlement and fraud. Educational institutions, traditionally identified with morality and ethics, have become hot-beds of bribery and intrigue. The common man finds it impossible to keep a straight face while repeating the litany of honesty is the best policy. The moral aspects of his personality have become obscured under pressure from an environment where corruption is an oppressive force. He may pay lip-service to the immeccable principles of honesty but it is hard for him to believe in them. It is all very well to say that the root of corruption

lies in our tradition. The question remains: are we honestly trying to find out the causes of its present mind-boggling escalation? And if we are told that a number of very plain causes for it exist, are we prepared to sincerely undertake measures to remove these causes? If a reform is indicated, are we ready to make the sacrifices needed for that reform? Our commitment to society is not deep and honest enough to inspire us to the acts of self-denial demanded by reform. As Mr. A.K. Brohi pointed out the other day, the corruption in the public office is due to our outmoded and irrational procedures. In the bureaucratic hierarchy the higher officials do not share the load of work to the degree that their status demands. Files are exclusively operated by the lower functionaries who grow in power entirely disproportionate to their rank and salary. The resultant snarl up in work leads to the

curse of bribery as a mechanism against delay. The corruption in business ethics has been triggered by the urge to become rich quickly which in turn is engendered by the extravagance of our relaxed elite. The truth of the matter is that this habit of extravagance indulged in by a handful of the aristocracy, is responsible for the overall rise in the level of dishonest living. The embezzler in the bank, the tyrannical SHO at the police station, the avaricious customs officer at the airport and the bribe-taking teacher checking answer-sheets are all trying to ape the upper class show-off who has money to throw about. The austerity we keep talking about must come from

the top, from those in power, to become an example for the common citizen. Despite laws against extravagant dowries and lavish wedding decorations, members of the elite continue to attend the extravaganzas which pass for marriage ceremonies in our society. Neither Islam nor common sense supports this. The import of luxury items, the proliferation of symbols of incompatible opulence, puts strains on the fabric of our social order and distorts the behaviour of citizens in all walks of life. We can put an end to all this and minimise the incidence of corruption if we feel seriously committed to the permanence of the order we call our own.

CSO: 4220/499

GOVERNMENT EFFORTS IN BALUCHISTAN LAUDED

Quetta BALUCHISTAN TIMES in English 26 Mar 82 p 1

[Text]

QUETTA, March
Dr. Atiya Inayatullah Presidential Adviser on Population Planning said today the Present Government, for the first time has restored due status and dignity of all men folk in the society abolishing sex discrimination.

She told APP the present Government was determined to restore all rights to women enjoined by Islam. She said the Women folk constituted 52 percent of the national population and their role in nation building has increased manifold. Mrs Atiya Inayatullah pointed out the present government was working for provision of better and more employment opportunities to the women. She said women's integration into mainstream of national life was must to bring about progress and prosperity in the country and the Government too was directing its efforts towards this objective.

Referring to the rural women, Presidential Adviser said what they needed was general information and literacy to the level of common understanding.

She called upon the literate women to do this job with a zealous spirit. She regretted that the literacy rate amongst the women of Baluchistan was the lowest in the country which comes to three percent.

She stressed the need for spread of knowledge and added at least every women should know the reading, writing and arithmetic. She however, felt happy that women in Baluchistan too, had a lot in social sector and their advance in this field had brightened the future prospects.

She called for establishing women association in the remote areas of the province and integrate the literate female with the literacy programme of women. She said

"I had great attachment to the Province of Baluchistan and had been there many times. I would soon visit the areas, probably in May next. The nation wanted Baluchistan to compete other provinces & the Govt was making all out efforts to bring this province at par with other comparatively developed parts of the country. Mrs. Atiya added—APP.

000 4220/499

PRESIDENT'S REMARKS ON THE MEDIA DISCUSSED

Islamabad THE MUSLIM in English 2 Apr 82 p 4

[Editorial: "Role of Media"]

[Text]

IN a speech to the All Pakistan Newspapers Society in Karachi, the President categorically stated that the Government had no intention to impose any restrictions on "responsible journalism." He added that neither he nor the Government were opposed to Press criticism. In fact, the President expressed the hope that the Press would be able to "provide leadership to the society."

We welcome these remarks of the President as a necessary affirmation of the Government's commitment to promote healthy journalism, the basis of which is a free and critical Press. Unfortunately, our media is entirely dependent on governmental whims and caprices, for its survival and sustenance. The newspapers run on revenue generated by advertising, almost seventy per cent of which is controlled by the Government. With any minor deviation from the officially certified truth, a newspaper is penalised by having its advertisements curtailed or, in certain instances, even cancelled. Similarly, the newspapers depend on the flow of newsprint on the Government's kindness.

Much as we would like to "provide leadership to the society", we are well aware that this can be a difficult and a rather expensive proposition. One 'wrong' move and the carrot is replaced by the stick, which strikes at where it hurts the most. Nevertheless, we are encouraged by the President's words in the hope that the media's role as a conveyor of information and builder of public opinion will be taken in the spirit of service to the national interest.

CSO: 4220/494

BALUCHISTAN DEVELOPMENT DISCUSSED

Quetta BALUCHISTAN TIMES in English 29 Mar 82 p 3

[Editorial: "Developing Baluchistan"]

[Text]

The Federal German Ambassador to Pakistan Dr. Klaus Terfloth in an exclusive interview with Baluchistan Times in Quetta on Wednesday said that Baluchistan has been put on path to progress and prosperity. He attributed it to the keen interest taken by the Federal Government of Pakistan in the speedy development of this Province and earnest and ceaseless efforts made by the Provincial Governor Lieut General Rahim Uddin Khan.

He said he had visited the Province, about a year back and was happy to note marked progress during one year. He said now there were more and better roads in Baluchistan. People were anxious for developing their areas. They were simple and hard working.

He paid rich tributes to the Provincial Governor Lieut-General Rahim Uddin Khan, saying that he was a man of conviction committed to the speedy development of his Province.

He recalled that during his meeting, with Lieut-General Rahim Uddin Khan last year, it was felt that small schemes could be more beneficial for this province, and that Federal Germany could help in this connection.

The Federal German Ambassador said that on basis of this meeting a strategy for extending economic assistance to Pakistan for this Province was chalked out. The attitude of both Federal and Provincial Governments of Pakistan and Baluchistan was very reciprocal.

He disclosed that Federal Germany was extending economic assistance to Pakistan, under a long term policy. Only during the current year economic assistance worth over Rs. 650 million of which over Rs. 260 million are being spent on projects in Baluchistan.

The remarks of the Federal German Ambassador to Pakistan are very significant. It is the first time that a foreign personality, no less than the Federal German Ambassador, has appreciated the development achieved by Baluchistan.

On one hand it refutes baseless propaganda being carried out by the foreign information media and on the other it befittingly replies to the elements at home who have been trying to belittle the development efforts of the present Government in Baluchistan by describing the Provincial ADP a routine matter of constructing 2-3 miles of road or one or two Primary School buildings.

It is now an admitted fact that Baluchistan has made rapid progress during the last two-three years. Most concerted efforts were initiated as soon as the present regime took over the administration of the country. President General Mammad Ziaul Haq took personal interest in the matter and as observed by the Provincial Governor Lieut-General Rahim Uddin Khan in the recent session of the Provincial Council, the Federal Government was very liberal in sanctioning funds, and providing expertise for speedy implementation of the development scheme, under the directive of the President. Since necessary infrastructure facilities did not exist in the past, the pace of implementation was not that satisfactory as

desired by the Provincial Governor during the first year of his Governorship. However by continuous endeavour and whole hearted cooperation of the people and the Federal Government he managed to accelerate the pace of development in the Province from the next year, and the results achieved last year were ascertainable on the ground.

For this purpose he evolved a realistic development strategy for the Province and fixed priorities. Water, Power, Communications, Health and Education were on the top of his priorities list and the extension of electricity to remote corners of the Province from the national grid and resultant revolution in the agriculture in the areas, where electricity has reached are some of the glaring proofs of Baluchistan's development.

The Provincial Governor has expressed his determination not only to maintain present pace of development but to further accelerate it and it is hoped that very soon Baluchistans traditional economic backwardness will be removed.

In addition the implementation of the Federal Government's special development programme costing Rs.20 billion over a period of 5 years will further revolutionise the economy of the Province bringing an end to the scandals about Baluchistan in the Foreign Press.

CSO: 4220/499

HIRING FOREIGN CONSULTANTS EXAMINED

Islamabad THE MUSLIM in English 2 Apr 82 p 4

[Editorial: "Pakistan and Foreign Consultants"]

[Text]

A COUNTRY with a balance of payments deficit of Rs. 9,376 million, despite the large home remittances of Pakistanis abroad, has to reduce its external invisible expenditure. This is particularly essential in the area of services. The Pakistan Engineering Council is right in demanding that foreign consultants and contractors should not be appointed for non-aided projects without its approval.

Pakistan is developing its own consultancy services and contracting firms rapidly. But when it agrees to employ foreign consultants or contractors on aided projects it has to pay a great deal. And yet the country is not often able to get the best service out of them. Hence an all out effort has to be made to enable Pakistan consultants and contracting firms to play a larger role in the economy of the country.

The Engineering Council is right in protesting against the appointment of foreign consultants and contractors for non-aided projects as well. Its estimate that the loss to the country on this account is between 30 to 50 million dollars a year is not exaggerated. Hence the whole practice needs to be re-examined, and effective methods devised to reduce the cost and get the best out of Pakistan's own consultants and contracting firms.

The council's suggestion that instead of foreign consultants and contractors being engaged for non-aided projects Pakistani firms should be assisted to associate foreign firms with them is sound. The effort should be to get the best service at a low cost and simultaneously develop Pakistan's own services to the highest possible level. In fact, when foreign countries are making use of Pakistani consultants and contractors their demand for a larger role for them at home is legitimate. It is proper that where local expertise and organisation are available 51 per cent of the assignments should be given to them, and where they are not they should be associated with foreign consultants and contractors to the extent of 49 per cent.

There have been complaints that foreign consultants are inflating the cost unethically or because of poor understanding of Pakistani realities. There have been protests against foreign consultants declaring feasible projects as non-feasible, and even

misadvising Pakistani contractors when competing for foreign contracts. The best mix in very large projects is undoubtedly one in which foreign consultants and local talent have a fair share on the basis of their expertise, experience and actual performance.

Association of Pakistan consultants with feasibility studies of aided projects too, can have good results for the country. They will be able to suggest the means to overcome bottlenecks as well as to reduce the cost of the project. Similarly, association of Pakistan contractors with the project can result in structures and other features which are more suited to Pakistani conditions. Their experience should indeed be very valuable to the foreign firms.

The demands of the Engineering Council should hence receive the earnest attention of the government and lead to positive results. Genuine consultants and contractors deserve all the assistance the country can give, particularly when it can be so beneficial to it.

CFC: 4220/494

THE ROLE OF OMBUDSMAN DISCUSSED

Karachi DAWN in English 6 Apr 82 p 7

[Editorial: "The Ombudsman" Promise and Problems"]

[Text] JUSTICE has been likened to a machine that, once given a starting push, rolls on of itself. In this context, the proposed institution of Ombudsman should be expected to initiate a self-perpetuating process of rectifying administrative lapses and irregularities. Now that the Majlis-i-Shoora is considering the draft for the Establishment of the Office of Ombudsman Order, the enactment of the law by the President is imminent. The Federal Law and Parliamentary Affairs Minister, while launching the general debate on the draft in the Shoora, has sought that it be taken into consideration "at once" so that the recommendation goes to the President. The draft, having been placed before the Shoora on January 18, has already been referred to the Standing Committee. This sense of urgency about translating into practice a concept that has been under discussion for quite some time is understandable. Concern over alleged bureaucratic corruption has grown lately. Considering the promise that the institution of Ombudsman - or, as it has been parenthetically translated, Federal Mohtasib - holds,

we should forthwith proceed with this experiment. The Law Minister was right in pointing out that the concept of Mohtasib was given for the first time by Islam. He also recalled that the President spoke about the creation of this office in his broadcast of June 24 last year. About two months later, the draft law on the subject was published to elicit public opinion. This had prompted comments in the Press on the viability of the institution in our objective conditions. The expectations and apprehensions recorded then are still relevant. The institution is intended, as the Law Minister said, to "diagnose, investigate, redress and rectify any injustice done to any person and also to safeguard the rights of the individual against any loss caused by maladministration by any administrative agency". Here, we should like to confine ourselves mainly to re-stating two points we had highlighted in our comment last year. First, the institution is basically rooted in the concept of the accountability of the administration. It cannot be conceived except as an extension of the political accountability of the rulers. Secondly, the

holder of the office must be independent of the executive in all respects. This is ensured by giving the right to the legislature to appoint the holder of the office. As the legislature has the power of making laws and scrutinising executive policies and actions, the Ombudsman traditionally reflects the popular will and is answerable to no other authority. Since no legislature exists at the moment, the Ombudsman will be appointed by the President and will be directly responsible to him. The intention seems to be to vest him with the powers that he will need to establish accountability in the administration. In the case of removal by the President, the Ombudsman will have the right to demand an inquiry by the Supreme Judicial Council - a good safeguard.

It is easy to see that in our conditions, the Ombudsman will have an adversary relationship with the bureaucracy which, for lack of democratic institutions, has to a considerable extent been immune from accountability. Being an investigator of complaints of bureaucratic abuse, the Ombudsman becomes

an arbiter between the administration and the individual citizen. Such an arrangement can be quite effective in societies where democratic institutions are well-established. In our situation, the task of an Ombudsman will be incomparably more difficult. By the same token, it will also prove more challenging. Quite a few wrongs in our society are perpetrated by the bureaucracy's rigid and mechanical adherence to rules and regulations of its own making. Public officials often submit to powerful interest groups, whether for lack of moral courage or for personal gain, without overtly violating the prescribed limits on the exercise of their power. It is difficult, thus, to be unreservedly optimistic about the success of the Ombudsman in view of the dominance which the public administration enjoys and the general environment in which insidious lobbies often have an upper hand. But this does not totally negate the great potential that the Ombudsman will have as an investigator and rectifier of bureaucratic wrongs. It is absolutely important that the immunity of the office from administrative or political pre-

ssures is ensured. The Ombudsman will be vested with the same powers as are available to a civil court with regard to summoning of witnesses, production of documents and issuing of commissions. No court or authority shall question the validity of any action taken by the Ombudsman. He will also have immunity from any legal proceedings for anything done in the discharge of his functions. With such powers, the Ombudsman should be in a position to work without any fear or inhibition. However, much will depend on the person who will hold this office and on the organisational underpinning of his office. He should be a man of proven integrity and capable of directing an organisation that is likely to be extensive. The Ombudsman will also have to contend with open or subtle defiance on the part of the high priests of our bureaucracy. The strength of the Ombudsman's character and the support that the Government will extend to him will be crucial in the success of this worthwhile experiment. The task is almost Herculean — and the consequences of its failure seem fearsome.

100 : 4220/404

LITERACY RATE RISE ONLY 2.6 PERCENT IN 9 YEARS

Islamabad THE MUSLIM in English 22 Mar 82 p 3

[Article by Salim Bokhari]

[Text]

ISLAMABAD, March, 21: Literacy rate in the country has risen to 24.3 per cent in 1980-81 from 21.7 in 1972, showing an increasing of 2.6 per cent in nine years, which is far below to what it should have been. The number of educated persons also rose to 340,000 from 321,000 in the preceding year.

This has been revealed in the 19th edition of the Pakistan Basic Facts, released recently. The number of total educational institutions increased to 68,198 from 66,475 in 1979-80 and total enrolment rose to 9.02 million from 8.94 million, showing an increase of only 0.08 million in 1979-80.

The year 1972, as stated in the document, seemed to be the golden period in the education sector. Education up to secondary level was made free. In the same year, all privately managed primary, middle and high schools as well as intermediate and degree colleges were nationalised. To meet the increasing demand and to remove regional disparities, many new schools and colleges were opened during this period.

It further said new universities were established at Quetta, D.I. Khan, Multan and Bahawalpur. A second campus of Sind University was also opened at Khairpur. Government of Sind during this period raised the status of the Engineering College, Jamshoro and the NED Engineering College, Karachi to that of university. It may be noted that to utilise distant

teaching techniques for the education of those who could neither leave their homes nor discontinue work in order to pursue studies, the Allama Iqbal Open University was established at Islamabad.

However, the document said, the Fourth Five Year Plan (1970-75) could not be implemented in the changed circumstances in the country. The long-term planning was suspended and in its place annual plans were adopted. In the year 1970-72 developmental expenditure on education was severely curtailed with other development outlays. The average annual expenditure during those two years amounted to Rs.150 million only. However, the document said, the expenditure on education picked up during the year 1972-78 due to nationalisation of educational institutions amounting to Rs 11,325.2 million, of which Rs.3,011.8 million were developmental and Rs.8,313.4 million non-developmental.

The Fifth Five Year Plan (1978-83), the document said, started with a benchmark of 53,853 primary schools, 5,026 middle schools, 3,258 high schools, 242 secondary vocational institutions, 455 arts and science colleges, 95 professional colleges and 15 universities. The enrolment in the respective institutions was 8.1 million, 1.3 million, 522,000, 33,000, 229,000, 62,113 and 25,526. The plan was prepared with the aim of not only increasing the number of institutions to provide greater opportunities for the new entrants but also to introduce greater bias of national and Islamic ideologies in education.

It may be mentioned that National Education Policy was announced in October 1978 with the main objectives to relate education to Islamic ideologies in education.

It may be mentioned that National Education Policy was announced in October 1978 with the main objectives to relate education to Islamic ideology and national goals, to identify, recognise and strengthen the indigenous structures, institutions and elements of education in our society and suitably strengthen them to perform their new role in the country; to make planning and management of education participatory in nature so that the masses of the country were involved and to link education with productivity leading to improvement of the life style of the masses. But it is yet to be seen as to how far these objectives have been achieved over the years.

Reviewing the progress made in the education sector during the 1980-81, Pakistan Basic Facts said an amount of Rs.1,254.1 million was allocated for developmental programmes under the education and training sector including sports and Culture Division. The amount is higher by 40.7 over the ADP allocation of Rs.891.13 million during the preceding year. The most important thing is that the stress was on the completion of ongoing projects.

The document claimed that during 1980-81, 1,984 primary, mosque and mohallah schools were opened, 542 primary school buildings were constructed, 880 primary schools were improved or

expanded and 171 teacher residences were constructed for female teachers in rural areas. As many as 194 primary schools were upgraded to middle school level and 106 middle schools were upgraded to high school level.

The work was also taken up on the establishment of Mehran University of Engineering and Technology, Jamshoro, Bahauddin Zakaria University, Multan, Islamia University, Bahawalpur, and Gomal University, D.I. Khan. The research-oriented Centres of Excellence, Area Study Centres and Pakistan Study Centres were further developed and research grants and scholarships were awarded to university college teachers and Ph.D students to conduct research.

CSO: 4220/500

'CRISIS OF ILLITERACY' DISCUSSED

Islamabad THE MUSLIM in English 25 Mar 82 p 4

[Article by Prof Dr Abdul Qayyum, Allama Iqbal Open University]

[Text]

In my view Pakistan's biggest social problem lies in the field of education and the major obstacle to national advancement is the prevalence of widespread illiteracy among the majority of our people. The literate population is approximately 20 million, which roughly constitutes 24 per cent of the provisional population figures for 1981. The corresponding figure for 1977-78 were 19.8%. Literacy rate for population 5 years and above for the same year were 23.7 percent for (35.5 per cent for males and 11.31 per cent) for females.

By the end of the Fifth Plan (1978-83) about 42.5 percent of our male population and 16.1 percent of the female population aging 5 years and above is expected to be literate. It may be interesting to note that the literacy ratio at the time of creation of Pakistan had been 16.7 percent. And overall improvement in the level of literacy since independence has been only 7.1 percent, or 2 on average of 0.21 percent per year. This may well be one of the lowest literacy growth rates in the world.

Of the age group 10 years and above 73 percent are illiterates. The

corresponding figure for age group 25 years and above is 81.3 percent. The problem of illiteracy has been further aggravated by an addition of about 1.1 million school-age children every year due to rapid population growth and the inability of our formal systems of education to accommodate additional school age population.

Moreover wide disparity exists in literacy levels between male and female rural and urban more and less developed areas and between young and old groups of population. Literacy in rural areas comes to 14.3 percent. Of the rural women population 4.7 percent are literate and females with 10 years and more of schooling are only 0.6 percent. In absolute numbers child illiteracy accounts for about 6 million school-age children and the general illiteracy is estimated at 58 million males and females of 10 years and above. Surprisingly, Pakistan accommodates about 7 percent of the world's illiterate population.

In Pakistan the crisis of ignorance is serious. Adult education including literacy education is therefore an immediate need for the country. Need to overpower that between here and now millions of out-of-school youth and adult men and women must be helped to acquire the knowledge and skills required to adopt new patterns of community living in which they are fast moving into.

In spite of 67,000 formal educational institutions in Pakistan supported by a vast but uncoordinated network of non-formal modes of education and with an expenditure of Rs 5,700 million

per annum, the existing system of education in the country has not been able to even touch the problem of illiteracy and related issues that interface between education and society. Our formal system of education is not merely dysfunctional and ineffective; it is also making our stratified society still more inequitable by concentrating economic and political power in the hands of the upper 20 percent of the income group while marginalizing the role and status of the vast masses of the people. Furthermore, the form and content of this educational system promote a wide gap between the exotic literate and the exotic oral cultures, a gap which our elite literate class is interested in maintaining.

It has been unfortunate that this type of education has continued to be fostered perhaps perpetuated by the social prestige and security of white collar employment. Expansion of primary education into rural areas has somewhat diminished illiteracy, but it is not accompanied by a restructuring of the contents that could have relevance to farming. It only enhances the lure of urban centres. Only in more recent years the need to adjust education to the requirements of the new society and to move away from cultural colonialism has begun to be recognized. Without creating a literate society it is indeed neither possible to appreciate, defend and promote an ideological basis of the Pakistani society nor put the country on a balanced path of development. Both objectives demand an accelerated diffusion of purpose-designed literacy throughout our

education and to adopt new techniques and methods in science and technology.

Strictly illiteracy refers to complete inability to read and write. More broadly, it is the inability to read and write sufficiently well to meet the needs of adult life. As regards literacy there are specific definitions of different levels of literacy. These levels include census literacy, functional literacy, work-oriented functional literacy, concentration centred literacy, systems centred literacy etc. Literacy should not be defined in terms of what an adult cannot do nor should it be defined in comparison with the schooling of children. It can and should be defined as the competence that is necessary for an adult to participate fully in his or her society. This competence may be established as the minimum standard or quality of education to which all adults are entitled.

Furthermore literacy should be considered an essential step in economic, spiritual, social and political development. As an objective it should not be forced to compete for scarce development funds because it is part of a society's general development and therefore the right of every citizen. Such a view of literacy may be taken as the guiding force for planning national, regional and local programmes and activities for the promotion of literacy.

A close relationship exists between the growth of literacy and economic, social and political development. Historical evidence and current research have shown a high correlation coefficient between literacy and all other aspects of national development. In this regard the studies carried out in the West reveal a direct relationship between literacy and other indices of modernisation: urbanisation, industrialisation, media participation and political participation. A survey by Lerner several years back indicated that the multiple correlation coefficient between literacy and the other indices was +.91. A number of other studies in the West established that literacy increases occupational differentiation, promotes occupational and social mobility, affects the climate for enterprise, and contributes to the productivity of the worker, thereby influencing the structure of the society.

Besides worldly gains, literacy serves as a most forceful instrument in assisting mankind to attain perfection by acquiring knowledge through reading and writing. The frequent mention of reading and writing in the Quran, particularly in the very first revelation

to the Holy Prophet (S) is rather amazing. The revelation was granted to the Holy Prophet (S) to bring light, and through him the whole of humanity, to perfection embodiment of satisfied rub (soul), nafs (self), qibh (heart) and aq (intellect).

Discussion on literacy in our days conspicuously misses the vital effects of literacy on the development and perfection of the inner self-compensing soul, self, the heart and intellect. Emphasis on literacy as a basic tool for worldly gains has led to the creation of loss of discipline—the discipline of body, mind and soul, which assures the recognition and acknowledgement of one's proper place in relation to one's self, society and the world community.

With regard to the Pakistani experience, it can safely be said that positive and lasting results have been outnumbered by partial and momentary successes, half-successes and failures. Our efforts to eradicate illiteracy so far have been rather spasmodic, intermittent and limited in scope. These efforts have suffered badly from a lack of adequate financial and human resources and central direction and co-ordination.

Currently, three types of literacy programmes are in operation in the country. They include about 10 pilot/experimental literacy programmes, and literacy activities at local levels in over 1500 centres organised by the non-government organisations. Most recently a Commission on Literacy and Mass Education has been created for the first time to evolve primarily strategies of formal and non-formal mass approaches for the purpose of eradication of illiteracy and promotion of functional literacy. The Commission will have its operational arm in the form of provincial Literacy and Mass Education Councils.

Among experimental projects the Allama Iqbal Open University's serialized programme on Integrated Functional Education has so far successfully demonstrated an approach to integrated non-formal education in the rural areas. It has possessed specific objectives of providing a programme which responds to the needs and concerns of the target population, modifying learners' attitudes and behaviour towards specific problems and giving them a functional ability to write effectively and read with understanding. Under this programme, field-tested instructional materials on literacy, social education and skill acquisition are available in Urdu, Sindhi and for the first time in Pushto for water use

by government and non-government organisations for the promotion of literacy and functional literacy.

Of the other programmes the Adult Functional Literacy programme of Pakistan Television Corporation has successfully completed six cycles through a network of community viewing centres. The number of these centres has risen from 200 to 52. The literacy activities by non-government organisation are limited in scope but they are also making a useful contribution to keep the literacy campaign alive and growing.

In view of our not-so-productive experience of eliminating illiteracy in the past and the urgent need for creating a literate society in the future the following suggestions are made:

1. No country can rely solely on the formal school system to achieve literacy or meet the learning needs of its citizens, a national policy for literacy and adult education is a priority.
2. To achieve full adult literacy, Pakistan should have a national commitment, evolve a system of effective participation, develop a co-ordinated literacy programme, and mobilize adequate personnel and other resources. The recently created Commission on Literacy and Mass Education should ensure promotion of these literacy essentials.
3. Special groups that are usually the last ones to be touched by literacy programmes include women, girls, tribal people, those in the remote areas, and people in urban areas with inadequate education. Specific plans need to be developed to reach these groups to give them confidence in their ability and support for their activities. In this context the non-government organisations can make their contribution by sponsoring medium-scale projects.
4. There are no instant solutions to illiteracy, and any claims to the contrary are false. There is a need to make careful choice of literacy media including print, non-print, both popular and traditional. Followed by print, radio has been the most successful medium used to tackle illiteracy by many a country excepting Pakistan. Its impact is greatest when its use is integrated with print and visuals and backed by study groups. Any future programme of eliminating illiteracy need to provide generously for the use of radio. Since 46.48 per cent school-age children are not in school mainly because of lapsing literacy of the

dispoints, the illiterate population is growing in absolute numbers. Hence literacy campaigns by themselves will not eradicate illiteracy unless adequate provision is made simultaneously for free and compulsory education for children and the schools are made to work more efficiently.

6. Private finance has a role to play especially in funding experimentation and research that can improve literacy practices.

7. International trends in literacy education also emphasise a higher professional standard for literacy works. More systematic training of leaders and workers and definitions of the nature, goals, and framework of the literacy campaign are required. In addition, stimulation of local interest relating the campaign programme functionally to general community development activities is needed. Finally the development of a comprehensive and suitable curriculum to satisfy adult education needs and construction of a ladder of literacy on the basis of the needs and socio-cultural level of the target population are priorities areas for prospective planners in education.

CSO: 4220/500

YESTERDAY, STATES OF MAJLIS-E-SHOORA QUESTIONED

Islamabad THE MUSLIM in English 3 Apr 82 p 4

[Editorial: "The Majlis Comes to Town"]

[Text]

THE Majlis-e-Shoora meets again today in Islamabad for its second session which is expected to last for nearly a month, during the course of which a number of issues are going to be discussed. In the absence of an elected Parliament, even the deliberations of the selected Shoora will be of some interest to the people. Despite its apparent "non-political" facade, the Shoora is very much a political body of political persons established for political purposes. In this regard, two questions seem pertinent. Firstly, whether the Majlis-e-Shoora is going to evolve into some sort of a political party, under official blessings. Secondly, whether it can be a substitute for the other more broad-based political process which the government seems to have rejected, for the time being, at least.

The Shoora has a fairly wide representation of political heavyweights, as well as lightweights from all parts of Pakistan. They are, to borrow Dr. Brzezinski's term, "regional influentials". In every situation, these people by virtue of family background and their political past, have played roles in officially-sponsored parties. Added to these luminaries are the scions of famous surnames among the "regional influentials". Many of them are young, ambitious and of course, available to play the roles assigned to them by the powers that be. If their role is simply to meet at frequent intervals in Islamabad at State expense and to air their views on issues that are related to functioning of this or that ministry, then we have no doubt that the Majlis-e-Shoora will degenerate into some sort of a glorified debating society. Conversely, if more confidence is placed in these would-be political stars, even with a view to forming something close to a "King's Party", then it could be a small's step forward. But this forward step cannot be taken in isolation from the non-official political process that is already in operation, even if it is currently confined to the drawing-rooms.

Both these processes, the Shoora as well as those outside it, have to be taken into consideration so that there emerges a convergence of the political forces of the country. It may seem a difficult proposition, but this blend of the insiders and the outsiders can result in a "historic compromise", which is so necessary to put Pakistan on the path of achieving the much-sought-after results.

OIL EXPLORATION INTENSIFIED

Islamabad THE MUSLIM in English 3 Apr 82 p 4

[Article by Mohammad Ziauddin]

[Text]

ISLAMABAD. Faced with the unnerving prospect of a four-fold increase in consumption by 1990, Pakistan has launched a programme to achieve oil self-sufficiency at the shortest time possible.

The programme aims to develop already existing oilfields, step up of exploration and encourage more foreign oil companies to come in through generous incentives. Along with this, Pakistan is also eyeing neighbouring Gulf States and Saudi Arabia as possible partners in oil exploration.

In fact, Petroleum Minister Rao Farman Ali already visited Kuwait and Abu Dhabi and returned with encouraging news. The subject was likewise discussed with Saudi Oil Minister Zaki Yamani during his visit here last January. Unconfirmed reports said that Sheik Yamani had expressed interest in a joint Saudi-Pakistani collaboration on oil exploration.

Pakistan's hurry for oil-sufficiency is understandable. Its oil import bill amounts to a staggering US\$1.6 billion a year from its average annual consumption of 127,000 barrels per bpd. By 1990, however, consumption is projected to soar to 160,000 bpd with the corresponding increase in precious foreign exchange.

Domestic oil production has remained static at 10,000 bpd for the past four years. However, with the renewed and expanded programme, output could go up to 26,000 bpd by 1990.

Major foreign companies have been granted concessions for oil exploration throughout the country. These include Amoco, Gulf Oil, Occidental, Shell Oil, Dohio of Japan, British Petroleum, Union Texaco and Cities Service.

The programme appears to be to attack all the delineated structures through all means, including contract drilling and joint ventures. The country aims to drill about 30 exploratory wells a year under the new setup, compared to only six per year in the '70s and 26 in 1980-81.

By 1980, Pakistan had brought 67,000 sq. miles under petroleum concession. Shell Oil, for instance, is carrying out exploration over 11,168 sq. miles in several districts in Punjab. An additional concession of 2,792 sq. miles has also been recently granted to Shell. British Petroleum is expected to carry out exploration on 3,460 sq. miles in Sind.

Pakistan's major petroleum company, Oil and Gas Development Corporation, is carrying out exploratory work on about 20,000 sq. miles of area. Besides, the refining capacity at Attock Oil Company was enhanced from 11,000 bpd to 31,000 bpd. And a number of small oil refineries are proposed to be set up near the new discoveries.

These all-out efforts met some success last February when crude started pouring into the national refinery at Karachi from Badin in Sind. The four wells already drilled have indicated that the crude was of high quality and was available at a relatively lesser depth of about 3,600 feet.

The original estimates put the new fields' production rate at 4,000 bpd, but the possibility of increasing it to 10,000 bpd is not ruled out. A report prepared by Union Texas described the new fields as a "highly promising find".

There exists a "wistful thinking" among the majority of Pakistanis about the country's oil potential. It is argued that if Pakistan had the

financial resources to exploit this potential it would attain oil self-sufficiency overnight and, in due course, might also become an oil exporter.

Thus, when events like the Khaskali strike in the Sind occur, newspaper headlines make this exaggerated confidence in oil future look like reasonable hope.

Because of the rosy reports on oil exploration, multilateral aid agencies helping the country solve its balance of payments problems reportedly suggested that Government start reducing its annual oil import estimates. However, officials appear reluctant to take a firm decision on these suggestions.

At this stage, officials apparently want to play it safe and make allowances for unforeseen jumps in future requirements or accidental reversals regarding domestic energy development efforts. "We are thinking in terms of building enough local stock first by maintaining oil imports according to original estimates for another year-and-a-half before looking into the suggestions of aid agencies," an official said.

And the officials may well be right in taking this stance because of past experience. In 1975, there was a big playup in the media about a huge oil find in Dhodak. The headlines

screamed of a 20,000 bpd discovery, hinting that Pakistan's oil squeeze has been eased to a large extent. But the euphoria soon died down when it was discovered that the Dhodak field potentials have been grossly over-estimated.

There are four known oil-fields in the country - Dhodak, Meyal, Toot and Adhi - and three gas fields - Sui, Marri and Pirkoh. Gas which takes up 42 per cent of the total energy consumption as against 38 per cent of oil, has been significantly meeting the country's increasing energy demand in recent years. From 150 billion cubic feet a year in 1977, gas consumption has soared to 263 billion cubic feet in 1981. In terms of oil imports, this amounts to US \$680 million.

So far, however, no new discovery has been able to substitute the Sui fields. The new discoveries have only managed to supplement production in Sui, where about 30 per cent of its reserves have already been exhausted.

As a result, Pakistan is now experiencing a gas shortage, especially in Punjab, North West Frontier Province and Karachi. This deficit is likely to persist, giving an added urgency to Pakistan's stepped-up oil exploration efforts.

CSO: 4220/494

NEW PLANS FOR FARM PRODUCE MARKETING URGED

Islamabad THE MUSLIM in English 2 Apr 82 p 6

[Text]

SARGODHA, April 1: The Federal Minister for Agricultural Food and Co-operatives, Vice Admiral Mohammad Afzal Janjua has emphasised the need for developing new schemes for marketing of agricultural produce with a view to improving economic life of rural masses.

He made this observation here today at a meeting arranged here for briefing regarding newly-introduced Agro-livestock Marketing Co-operative Societies Pilot Projects in this division.

The Minister was told that 10 projects five each in Sargodha and Jhang districts, have been started that year for collection of milk by establishing 142 Milk Collection Co-operative Societies. Currently, survey was also in progress for starting 10 more projects in the area covering maximum number of villages under the scheme.

The Minister also emphasised

the need for developing high yield of Nutrition based cattle feed replacing costly traditional feed. He assured provision of necessary funds for undertaking research work for developing economical feed out of crop residue.

Appreciating the scheme for collection of milk in villages and arranging its sale to needy urban area, the Minister assured all possible Government help and assistance for establishment of co-operative societies.

Mr. Janjua suggested that middle man oriented marketing system should be modified by a phased method ensuring visible benefits to farmers in villages.

Later he inspected remodelled irrigation channels in Sargodha district and milk chilling station at Bhawana in Jhang district on his way to Jhang where he will be participating in the Jhang festival.

CSO: 4220/494

WHEAT CROP SAID TO BE IN GOOD CONDITION

Islamabad THE MUSLIM in English 2 Apr 82 p 7

[Text]

ISLAMABAD, April 1: The Federal Minister for Food and Agriculture, Vice Admiral Mohammad Fazil Janjua hoped that the wheat crop this year would exceed the last year production.

He said by the grace of Almighty Allah, the current wheat crop was in a good condition, and according to latest reports that crop was still free from diseases or an other danger which drastically reduce the production.

He stated that brought during the sowing season had slightly affected the crop and the area which was to be brought under cultivation of wheat had also shrunk by five per cent in barani areas. However, the mild weather and sufficient rains helped the crop to improve, he said and added that now in barani areas the condition of the crop was also a little better than before.

Replying to a question about achieving the target of 12.2 million this year, the Minister said "We should wait for the exact production, but the latest position of the crop is quite good".

Vice Admiral Janjua said that government was making all out efforts to provide more facilities in maintaining smooth procurement system. New procurement centres would be set up for the purpose and in order to remove the difficulties of the growers, PASSCO's work would be strictly supervised to make sure that it purchased the crop at the fixed price, he added.

He assured that government would put all the stock of wheat offered by the growers.

The Minister said that storage capacity was being increased from 20,52,52,720 to 24,00,000 million tonnes up to the end of June this year. This would protect the grain from the bad weather, he concluded.

CSO: 4220/494

EFFECTS OF RUPEE DELINKING DISCUSSED

Karachi BUSINESS RECORDER in English 1 Apr 82 p 3

[Text]

Yusuf H. Shirazi, former President of the Karachi Chamber of Commerce and Industry has equalised delinking of rupee from US dollar with a defacto devaluation and has maintained that it would not solve the problems faced by the economy.

Speaking during a discussion on "delinking the Pak rupee from the US dollar" organised by Institute of Cost and Management Accountants of Pakistan in Karachi yesterday he said we must decide to call a spade a spade and look into the causes of country's ailing economy.

Shirazi dealt at length on the economic and monetary policies and said he had also opposed the devaluation of rupee in early seventies when the devaluation of rupee resulted in revaluation of foreign currencies by a massive 151 per cent against rupee. The devaluation led to unprecedented continued inflation on the one hand and economic stagnation on the other.

He said the recent delinking termed as managed float may mean a devaluation of about 30 per cent by June this year when the rupee is forecast to float down to about Rs. 13 to the dollar.

Shirazi termed the lack of forward cover as a special feature of delinking or float. He believed that the effect on prices of imports or exports due to uncertainty can be substantial.

He further said that the float has been followed by an ordinance relating to payment of foreign currency loans, reminding all industrialists of one of the destabilising consequences of the devaluation. He said the borrowing industries will be required to

pay much high amounts as principal and interest charges would grow substantially in many cases, unbearably. He also was of the view that as a result of delinking the foreign loan liabilities of the nation will be substantially enhanced, local prices would rise at a time when our inflation rate is among the highest in the world.

EXPORT RISE DOUBTFUL

Shirazi doubted that our exports could rise sufficiently to make for the loss in value of our currency and felt that we might have higher negative trade balance rather than lower.

REAL CHALLENGES

Shirazi stressed that we must look into the causes of our ailing economy for which we have once again found the solution in effective devaluation which is but a treatment of symptoms and not the ailment. He said we need to adjust ourselves to the real challenges and avoid slogans. In his opinion the real solution of our problem lies in creating conditions for fullest use of our national material and human resources and giving chance to private enterprise.

He sharply criticised controls to which private activity is subjected.

Shirazi expressed concern over the fattening of public sector through "nationalization", "rationalisation" and development of "state capitalism" and maintained that 70 per cent of our imports and exports including all the food, fuel, other major commodities like cotton, rice, sugar, chemicals and most ferrous and non-ferrous metals like steel, copper, etc., are in the public sector.

He further said that 10 basic industries, i.e. iron and steel and other basic metals, heavy engineering, assembly and manufac-

ture of motor vehicles, assembly and manufacture of farm machinery, basic chemicals and petro-chemical industries, cement fertilizer, vegetable ghee, heavy electrical industries and mining and natural resources, continued to be nationalised and agriculture is also closed to any entrepreneurial exploitation through economically viable farming.

He also said that nearly 90 per cent of all insurance business has been nationalized or legally appropriated by state sector corporations and the 40 odd private sector general insurance companies had to share a mere 30 per cent of about Rs. 350 million general insurance business.

He strongly pleaded for reducing the controls and making all out efforts to increase production to meet the problems created by delinking.

MAHMOUD FAROUQI

Participating in the discussion the Member of Pakistan Banking Council Mahmoud A. Farouqi, stressed the need for increasing productivity to make the measures of delinking Pakistani rupee effective.

Farouqi who is presently away from the country has submitted his paper "delinking of rupee from dollar" which was read by the Chairman of Business Administration of Punjab University Professor Khawaja Amjad.

He observed the delinking measure amounted to "identification of problem" and the solution is to "increase the strength of Pak rupee, the strength of its purchasing power".

Elaborating his point he called for "producing a bigger and continuous exportable surplus".

"bridging the balance of payment gap" and at the same time "containing or reducing the domestic inflation".

Farouqi called for making rupee competitive in exports without converse effect of increasing the cost of industrial raw materials, utilities and wages at home which he pointed out would demand suitable adjustments in fiscal policies and taxation.

He observed that purchasing power of Pakistan rupee was being debased which would continue until the labour and management productivity in both industrial and agricultural sectors fails to improve.

He also disagreed with the notion that delinking would lead to increase in home remittances by the overseas Pakistanis. He said if the less dollars could buy more Pakistan rupees than less dollars could be remitted.

Touching the subject of impact of delinking on national economy Farouqi said that Pakistan's debts in term of rupee have increased to Rs. 99 billion on March 10 this year as against Rs. 89 billion on December 31 last year.

The increase if calculated in terms of dollar he pointed out, comes to one billion dollars which is about one third of the US military and aid package 3.2 billion dollar.

He posed a question that if country's debts could rise by one billion dollars in just a short period of sixty days following the announcement of delinking measure what would happen in next 30 years which is the contracted period for repayment of package aid.

To combat the rising import cost resulting from constantly sliding value of Pakistani rupee in comparison to dollar Farouqi suggested of choosing the right trading partner at right time.

Explaining, he pointed out, "Pak rupee was stronger against Japanese yen and weaker against US dollar then "we should import from Japan and export to US".

He said the Pakistan policy makers would also have to curtail expenditure, reorientate public sector, review rebates to private sector, improve tax yield, restructure the liberal import package to exploit the comparative advantage.

He said the government might consider banning import of luxury items, and those finished and manufactured items which are produced in the country.

"Subsidies on consumer goods will have to be reduced", he said.
—PPI.

CSO: 4220/500

MILITARY TRAINING FOR AFGHANS DENIED

Islamabad THE MUSLIM in English 29 Mar 82 p 8

[Text]

ISLAMABAD, March 28 The Federal Education Minister, Mohammad Ali Khan said the writers had always helped to solve problems faced by the country on various occasions.

He was delivering presidential address at a function entitled *Jehad-e-Afghanistan* held under the auspices of *Halqa-e-Adab*, Islamabad.

The Minister said the writers, besides warning the country against impending dangers, had prepared the people to meet these challenges.

He urged the people to forge unity and prepare themselves to meet any challenge for integrity of the country. The country had vast resources and these should be utilised for welfare and prosperity of the masses, he added.

The Minister said Pakistan wanted that the Afghan crisis should be solved politically and non-aligned status of the country be restored. The foreign forces should withdraw and the Afghan refugees be enabled to return to their homeland with honour. The people of Afghanistan should be allowed to choose the government in accordance with their wishes.

Mohammad Ali Khan said the Afghan crisis had two aspects. One

was political and the other humanitarian. The political aspect had not only endangered the security of the region but of the whole world and Pakistan, being a next door neighbour, was directly affected by it. The other was humanitarian which had made lakhs of Afghans to leave their hearths and homes.

The Minister said the fact that lakhs of Afghans had taken refuge in foreign lands proved their courage and determination to fight the foreign intervention. It clearly showed that they had not accepted foreign military intervention in their country.

The Education Minister said there was absolutely no reason for a super Power to commit military intervention in Afghanistan. He said the action by Red Imperialism was a most serious matter and it had been severely condemned.

He said the people of Afghanistan would never accept any Anti-Islamic system. They had bravely and successfully fought all foreign interventions in the past. The use of force was against the charter of the United Nations, he added.

The Minister strongly refuted the allegation that Pakistan was providing military training to Afghan Freedom Fighters. He said this was a propaganda of Red

Imperialism as Pakistan was providing only humanitarian assistance to the Afghan refugees whose number now exceeded 2.6 million and the flow is still continued.

He said Pakistan would continue its efforts to find a honourable solution to the Afghan crisis.

Earlier, the chief guest of the function, a prominent poet, well-known writer and Chief Editor of Monthly 'Sayara' Lahore, Mr. Naeem Siddiqi speaking on the occasion urged the writers to rise against all sorts of suppression. This was their sacred and foremost duty, he added.

Other speakers of the function condemned the foreign military intervention in Afghanistan. They emphasised that Communism posed most severe danger to international peace.

CSO: 4220/500

LAYOFFS WORRY LABOR LEADERS

Bangkok BANGKOK POST in English 27 Mar 82 p 12

[Text]

THE WORSENING economic situation and influx of seasonal job-seekers from the upcountry coupled with a serious setback in the industrial sector has made unemployment one of the most crucial problems now facing the nation.

The number of workers off by business and industrial establishments hard hit by financial difficulties is also alarming. More than 5,000 people became jobless in mass lay-offs during the past year, according to unofficial figures which also say that there are as many as three million unemployed in the country at any given moment now.

Deputy Director General of the Labour Department Charoen Siriphan said he expected the ongoing mass lay-offs will continue in the next several months because of the difficult time the industrial sector, particularly those having to do with textiles, are encountering.

Chumphol Pornprapa, speaking

at a panel discussion on labour situation recently, said the baht devaluation had also dealt a heavy blow to almost every business and industrial establishment. He said the Siam Cement Co Ltd had already laid off over 600 workers while another 1,000 were dismissed by Siam Motors Co Ltd.

President of the Labour Congress of Thailand (LCT) Paisal Thawatchainan said the labour situation was aggravated by the fact that as many as 600,000-800,000 fresh university and college graduates enter the labour market every year.

"But the amount the labour market in Thailand can utmostly absorb stands at 200,000 for new workers," he said.

He said the three million people classified as being unemployed exclude a large number of people facing underemployment in the upcountry.

What is more alarming is that thousands of workers at various factories are waiting for their turn to be laid off, he said.

During the past several months, small industrial factories have clos-

ed down or lowered their production and at the same time trimmed the number of their workers.

According to Charoen, official figures show that more than 6,000 rural wage earners flock into the city of Bangkok during every summer when their fields become parched. But the real number of these job-seekers is much higher.

The government decision to impose a moratorium to the recruitment of new personnel for government agencies has also contributed to the worsening problem of unemployment, Paisal said. Because of its bad monetary situation, the government is limiting recruitment new personnel to only two per cent a year.

Automation on the part of large-scale industrial factories is also attributed to the shrinking labour market.

Both labour leaders and labour officials admit that for the time being they see no sign of light at the end of the tunnel yet.

"In fact we are anticipating the worse," said one of them.

CSO: 4220/495

DAWOOD COLLEGE CLOSED FOR 7 DAYS

Karachi DAWN in English 6 Apr 82 p 1

[Text]

The Dawood College of Engineering and Technology will remain closed for spring holidays from Tuesday for seven days, says an official announcement.

All the teachers will remain on duty, the announcement added.

Five students were injured, one of them sustaining bullet wound, in a clash in the college earlier.

The injured students were identified as Syed Sanaullah Shah, Gopi Chand, Shewak Ram, Nazir Ahmed and Ahsan Sheikh—all belong to a particular group.

Syed Sanaullah Shah received a bullet wound in his left arm. Others were attacked with some blunt objects. They were all removed to Jinnah Post-Graduate Medical Centre for treatment.

The trouble started when one group took positions inside the college premises and assaulted the rivals as they entered the premises. In this four students

were injured.

Some gun-shot fires were heard during the clash and Syed Sanaullah Shah received a bullet injury.

After hearing the news of clash a group of students belonging to the other side, reached the College in a bus from their Gulshan-i-Iqbal hostel.

Someone also fired blank gun-shots in the air. But they were dispersed by the police posse headed by SDPO, Wasim Siddiqui.

The police remained outside when the clash was going on in the college. Later, more policemen, armed with guns arrived at the scene and remained at the main gate.

The Police have registered a case of attempted murder and rioting against the President of the Dawood Engineering College Students Union, Syed Bilal, and his 10 accomplices. A counter case has also been registered against their rivals for firing blank shots in the air.

CSO: 4220/494

STUDENT ARRESTS REPORTED, PROTESTED

Karachi DAWN in English 2 Apr 82 p 16

[Text]

Five students of the Karachi University, including the General Secretary of Karachi University Students' Union and the Nazim of Islami Jamiat-i-Tuloba were arrested yesterday afternoon from the Campus, for "unlawful assembly and hindering police officials from discharging their duties".

The students are Mr Shakilur Rehman, General Secretary of KUSU, Mr Salruddin, Nazim, Islami Jamiat-i-Tuloba, Karachi University Unit; Mr Ali Muntarim, Mr Hurnaiyun Naqvi, and Mr Rashed Khan.

Earlier, the supporters of KUSU again locked the Administration Block of the University at 11 a.m. where the Vice-Chancellor and some other employees of the University were working.

The Administration Building was locked by the students in the presence of some police guards. Later, the police arrested five students.

Meanwhile, a police posse remained on the Campus for the

sixth day yesterday.

Policemen also patrolled the Campus after arresting the students.

The President of Karachi University Students' Union, Mr Mahmood Ghaznavi, has criticised the arrest of the five students and said it would further aggravate the situation.

He called on the University and city administrations to immediately accept the union's demands.

Meanwhile, according to another Press release of the KUSU, the arrested students have refused to be released on bail.

The Karachi Nazim of Islami Jamiat-i-Tuloba, Mr. Hassan Sohaib, has also deplored the arrest of five University students, and said a "Black Day" would be observed on April 3 to protest against the arrests.

He said the University's problems could only be solved by making it an autonomous body and banning police entry into the Campus.

CSO: 4220/494

PLEA FOR BALANCED GROWTH OF AGRICULTURE

Karachi BUSINESS RECORDER in English 16 Mar 82 p 2

[Editorial: "Balanced Growth of Agriculture"]

[Text]

Ad hocism has all through remained a normal practice in almost all spheres of our national life. How much damage it has caused is as obvious as anything. In the economic sphere the practice has wrought havoc. We managed our economic affairs on day-to-day basis, which served as palliatives but did not provide any lasting cure of the diseases we suffered from. On the contrary, in certain aspects the condition was aggravated and what was a minor disease turned into incurable cancer. The uncertainties prevailing all around today are nothing but the natural outcome of the palliatives we applied for the treatment of serious ailments. At the time of independence we had no industry worth the name. So we launched a vigorous programme for industrialisation and in our zeal for industry we went so far that we totally ignored our basic industry.

agriculture, which needed to be developed on sound lines. As a result, the country which was once known as the granary of the region turned into a food deficit area and we had to make heavy imports of foodgrains to meet our requirements. Besides, whatever little industrial base we were able to create, was also import-based. As a result the development we had undertaken with the objective of minimising our dependence on others led us to greater dependence on foreign sources. We would call it nothing but the negation of our objectives.

It was in 1977 that the present regime realised that the quickest way of improving the lot of our people was to develop agriculture. With this realisation, resources started flowing in this direction. We were short of wheat, so we concentrated on increasing the production of wheat

and we reaped bumper wheat crops. We rejoiced over the achievement forgetting that the production of other crops which, of course, were not as important but important all the same, fell and fell drastically. We had to make heavy imports of cereals to meet our requirements. What was saved on one side was spent on the other. It was nothing but ad hocism.

The Federal Food and Agriculture Minister, Vice-Admiral M. Fazil Janjua's statement at the inaugural session of the 8-day seminar on sheep and wool research and production, that the Government is to adopt a farming system which ensures balanced development of agriculture, seems to be the sanest thing to be done. It also implies that the Government intends to do away with the ad hoc arrangements and wants to develop this sector of the econo-

my 'on scientific lines utilising the vast potentials of land, water and manpower'. The best way of achieving this objective is to develop agriculture as an industry. Time and again we have suggested that for the speedy and lasting improvement of agriculture, the Government must encourage the setting up of agricultural joint stock companies. A number of constraints which inhibit investment in this sector, can be overcome by associating a large number of people in these efforts. Perhaps our planners think that agricultural development means only increase in production of various crops. As a matter of fact, it also includes the development of livestock, the setting up of small agro-based industries, etc. These are all part of the development of agriculture and have to be viewed as such. The proposed joint stock agricultural companies will efficiently take care of all these aspects of agricultural development. Unless it is done no real breakthrough in agriculture can be achieved in the near future. Nor shall we be able to have a balanced growth of agriculture along with balanced growth of the entire economy which is a sine qua non for minimising our dependence on others.

CSO: 4220/500

FOOD ADULTERATION CONDEMNED

Karachi BUSINESS RECORDER in English 31 Mar 82 p 2

[Editorial: "It Is Slow Poisoning"]

[Text]

Adulteration of eatables is said to have grown to serious proportions, causing serious damage to the health of the consumers. When this is the situation in big cities like Karachi where food inspecting bodies exist, the worse should be happening in rural areas where no such arrangements exist. That this evil has prospered without let or hindrance shows that either the departments concerned do not keep strict vigil and discharge their functions dutifully or else they have been rendered ineffective in one way or the other. Adulteration of foodstuff and eatables is a heinous crime and anti-social elements have been encouraged to indulge in it because neither serious notice of it is taken nor any casual culprit is given exemplary punishment.

According to reports, some fake companies have sprung up in this city who palm off their consignment to shopkeepers for sale at cheaper rates. Many of these manufacturing companies are neither registered nor have their products patented. The KMC staff which is to collect samples of eatables perhaps do not perform their assigned duties with the result that this illegal trade has expanded and prospered. Some time back it was reported that some samples of Saunf Supari were found to be substandard in laboratory tests. But it is not yet known what action was taken against the culprits.

It is also a fact that when consumer complaints become too loud and anti-adulteration campaign is launched it is always the smaller fry like retailer or

petty shopkeeper who is taken to task and the big fish are never netted. Why? If this menace is not checked the health of the citizens would be damaged beyond repair. It is time that local authorities found time to pay attention to this problem and save the consumers from this slow poisoning.

CSO: 4220/500

BRIEFS

BENGALIS ILLEGAL ENTRY--Shaukat-ul-Islam, President of All-Pakistan Bengali Welfare Association, Orangi Town, has appealed to the cMLA and Governor of Sind to take immediate steps to check illegal entry of Bengalis into Pakistan. In a Press statement, he said that some Bengalis who had opted for Bangladesh and had migrated under a programme sponsored by the Red Cross were now indulging in "white slave traffic", and had smuggled innocent women via India. Mr. Islam offered his association's assistance in tackling this problem, and appealed to the Government to order the Sind and Punjab Home Departments to take up the matter in right earnest. [Karachi DAWN in English 2 Apr 82 p 17]

EARNINGS FROM TARBELA DAM--ISLAMABAD, April 5--The Federal Minister for Water and Power, Raja Sikander Zaman, announced today that multi-purpose Tarbela Dam would soon start earning Rs 10 million daily, and said that at present it was functioning in "an excellent condition." Speaking on an adjournment motion in the Federal Council, the Minister said no damage was caused to the dam due to a recent landslide over the hills on tunnel No. 4. He told Mr Zahurul Hassan Bhopali, who did not press his motion, that the dam faced no threat and was a great asset to the nation. He said the part of the hill, which collapsed, had to be demolished in any case, and thus saved millions of rupees. "The landslide proved a blessing in disguise," he said: [Excerpt] [Karachi DAWN in English 6 Apr 82 p 1]

LECTURERS' TOKEN STRIKE--A meeting of the Sind Lecturers' Association (Karachi region) held yesterday condemned the maltreatment of the teachers of Punjab, NWFP and Azad Kashmir and decided to observe two hours' token strike on April 6 and 7 to mark their support to them. The token strike will be from 10 a.m. to 12 noon in the morning colleges and 5.30 to 7.30 p.m. in the evening colleges. The Central Executive Committee of S.L.A. will meet on April 8 to review the situations says a Press release. [Karachi DAWN in English 6 Apr 82 p 1]

SRI LANKA TO BUY RICE--ISLAMABAD, April 5--Sri Lanka will purchase rice from Pakistan worth 7.5 million US dollars during the current fiscal year. The deal was finalised at a meeting here today between the Sri Lanka Trade Secretary, Mr. De Mel and the Federal Commerce Secretary, Mr Izharul Haq and Chairman, Rice Export Corporation of Pakistan, Mr. Riaz Ahmad Naik. Mr De Mel, who arrived in Karachi day before yesterday at the head of a five-man rice purchasing mission, flew in here this morning to negotiate the deal. He was

accompanied by another member of his delegation, Mr Pieres, Secretary Food. Besides striking the deal, the two sides discussed bilateral commercial relations and measures to strengthen them. Pakistani rice will be shipped to Sri Lanka before June 30 this year. The agreement for the purchase of rice will be formally signed in Karachi tomorrow between the Sri Lankan delegation and the Rice Export Corporation of Pakistan. [Karachi DAWN in English 6 Apr 82 p 12]

WELFARE OF REFUGEES DISCUSSED--A high-level meeting Thursday discussed in detail various matters relating to the welfare of Afghan refugees. The meeting, spread over four hours and chaired by Chief Commissioner of Afghan Refugees of Pakistan was held in the committee room of the Civil Secretariat, Peshawar. The meeting also reviewed in its second session the decisions of the Provincial Coordination Committee, held in October last. Members of UNCHR stationed in Islamabad and Peshawar, Chief Secretary, Mr. U.A.G. Isani and Commissioner, Afghan Refugees, Mr. Abdullah, were also present on this occasion. The meeting unanimously decided to take some effective steps to further streamline the process of financial assistance and welfare activities to the Afghan refugees in N.W.F.P. Various heads of Nation Building Departments also attended the meeting. [Peshawar KHYBER MAIL in English 2 Apr 82 p 1]

MAZARI'S EXPULSION ORDER CHALLENGED--KARACHI, March. 31--A writ petition filed on the Peshawar High Court by Barrister Zahoorul Haq challenging the 15 month old expulsion orders of NDP Chief Sardar Sherbaz Khan Mazari under N.P.O. has been admitted by the High Court which has fixed the hearing in the first week of April, according to sources here. Meanwhile, Acting Secretary-General of the defunct National Democratic Party (NDP) Haji Ghulam Mohammad Bilore, was released yesterday from Haripur-Hazara jail, according to reliable sources here. According to these sources warrants of arrest of frontier NDP chief Abdul Khaliq Khan and party's provincial Joint Secretary Farid Toofan have been withdrawn by the concerned authorities. [Islamabad THE MUSLIM in English 1 Apr 82 p 1]

AWARDS FOR MILITARY LEADERS--ISLAMABAD, March 24--President Zia-ul-Haq awarded Nishan-i-Imtiaz (military) to the Chairman of the Joint Chiefs of Staff Committee, Gen Mohammad Iqbal Khan, the Vice Chief of the Army Staff, Gen Sawar Khan, the Chief of the Naval Staff, Adm K.R. Niazi, and the Chief of the Air Staff, Air Chief Marshal Anwar Shamim. [Karachi DAWN in English 25 Mar 82 p 1]

NEW PUNJAB DISTRICTS--Lahore, March 28--A high-level meeting was held today in Board of Revenue here with Malik Allah Yar Khan, Provincial Minister for Revenue in the chair to review the arrangements being made to set up six new districts in the Punjab. The meeting was attended by Chief Secretary, Punjab, Member Board of Revenue (Revenue), Commissioner Sargodha Division, Secretary Board of Revenue and six O.S.Ds/Deputy Commissioners designated of new districts. Malik Allah Yar Khan impressed upon the Deputy Commissioners to carry on the demarcation of Tehsils and other related work in a manner which could ensure the development of the backward areas and minimise the difficulties of the common man and save him from covering the long distances to get their grievances deemed. He said that services to the people should be the guiding factor for which new districts had been set up by the present regime.--PPI [Text] [Islamabad THE MUSLIM in English 29 Mar 82 p 6]

AHMEDIS' STATUS AS NON-MUSLIM--The president has issued an order called the amendment of the constitution declaration Order 1982 which has come into force at once. It declares and reaffirms the legal position regarding the inclusion in the first schedule to the federal laws division and declaration ordinance 1981 of the constitution, second amendment act 1974, which incorporated the amendment in the constitution of the Islamic Republic of Pakistan 1973, declaring as non-Muslims the Qadiani group or Lahori group who call themselves Ahmedis or by any other name. The order declares and reaffirms that the federal law division and declaration order 1981 did not and cannot accept the continuance of the amendments regarding the declaration of Qadiani or Lahori group as non-Muslims which continue to form part of the 1973 constitution. The order also declares and reaffirms the position of persons of the Qadiani group or the Lahori group who call themselves Ahmedis as non-Muslims and they continue to be non-Muslims. [Text] [BK130738 Karachi Domestic Service in English 1700 GMT 12 Apr 82]

AGRICULTURE COLLEGE IN BALUCHISTAN--Quetta, March 25--The Government has decided to set up Baluchistan's first agriculture college, with more bias towards peculiar arid conditions of the Province, it was officially stated here today. The site for the college is under consideration.--APP. [Text] [Lahore THE PAKISTAN TIMES in English 26 Mar 82 p 14]

PAKISTAN-UAE INVESTMENT COMPANY--Abu Dhabi, March 24--The UAE is participating in setting up a cable factory in Pakistan, Amir Gulistan Janjua, Pakistan ambassador to the UAE, said in an interview with the 'Khaleej Times'. He said negotiations are under way on the laying of a submarine cable between the two countries at cost of 50 million dollars to strengthen the communications facilities between the two countries. The interview was published in the Pakistan day supplement of the paper. Regarding direct dialling telephone service, he said, in all, 49 Pakistani cities are linked directly with the UAE. It is hoped, he said, that more telecommunications channels will be opened shortly. The paper in a leading article said a joint Pakistani-UAE investment company may soon be floated for more active participation of the private sector in the two-way process of investment promotion. Some UAE investors have already mooted proposals to set up a cement plant and a unit for the assembly of trucks in Pakistan. Others have shown interest in utilising opportunities offered in the Karachi Export Processing Zone.--PPI. [Text] [Karachi BUSINESS RECORDER in English 25 Mar 82 p 6]

GUERRILLAS A 'SERIOUS THREAT'--The recent crackdown in Pakistan by General Zia leading to the arrest of over 2,000 alleged activists belonging to the Al Zulfiqar guerilla group is an overt indication that the Pakistan Government now considers them a serious threat, and justifiably so. Latest intelligence reports state that the guerillas are getting increasing aid from the Soviets, Libya and the Afghan Government. They have also succeeded in recruiting hundreds of unskilled Pakistani labourers working in Libya under contract by offering them double their Libyan salary. Significantly, most of the recruits come from Pakistan's minorities like Baluchis, Pathans and Sindhis and are being flown in batches to Kabul where they are trained for six months before being flown back to Libya and then into Pakistan, passing off as ordinary labourers returning home. [Text] [New Delhi INDIA TODAY in English 31 Mar 82 p 109]

INDIAN ENVOY'S STATEMENT DEPLORED--Rawalpindi, March 28--A spokesman of the Foreign Office deplored the statement reportedly made by the departing Indian Ambassador to an Islamabad newspaper in which he had questioned the basis of the creation of Pakistan. The spokesman said that it was unfortunate that the Ambassador who had served in Pakistan and would now be responsible for Indo-Pakistan relations in New Delhi should have shown such insensitivity to the feelings of the people of Pakistan. Continuing the spokesman said that it was Pakistans exclusive right to determine the size of its armed forces and it would take whatever decisions were deemed necessary in its national interest without unsolicited advice from others. He pointed out that Pakistan did not question Indias right to determine the size and nature of its own armed forces in spite of the fact that Indias military might was being rapidly augmented. Referring to the ambassadors comments on the Kashmir issue the spokesman said that Pakistans position was well known and needed no further elaboration. The Kashmir dispute existed and had to be resolved. It was not a closed issue. While reaffirming Pakistans policy to put its relations with India on a friendly and stable footing on the basis of sovereign equality the spokesman expressed the hope that its desire for normalization and elimination of tension would be reciprocated by India.--APP [Text] [Karachi MORNING NEWS in English 29 Mar 82 p 1]

RAZIQ AMBASSADOR TO SWITZERLAND--Islamabad, March 24--The Government of Pakistan announced the appointment of Fazli Raziq as Ambassador of Pakistan to Switzerland with concurrent accreditation to Holy See.--APP [Text] [Islamabad THE MUSLIM in English 25 Mar 82 p 8]

CSO: 4220/498

SITE FOUND FOR JAPANESE EXCLUSIVE TRADE ZONE

Manila BULLETIN TODAY in English 29 Mar 82 p 24

[Text]

Three new export processing zones, scheduled for development next year, are now under feasibility studies by Japanese consultants as the possible site for an exclusive Japanese zone in the country.

Gerardo Espina, export processing zone authority (EPZA) administrator, disclosed this the other day upon his return from Japan where he held talks with various business associations regarding the influx of Japanese investments in the zones here.

Espina said the three zones being considered by the Japanese for the setting up of one exclusive Japanese zone are in San Fernando, La Union; Lipa, Batangas; and Legazpi city in the Bicol region.

Although nothing

definite has been concluded in the concept of an exclusive zone, Espina nevertheless said that the concept is acceptable to both parties which have expressed the same interest in the project.

The mechanics of the exclusive zone has not yet been finalized but the EPZA administrator said there will be no difference at all in the incentive features of the zone against the other export processing areas.

"We told them (Japanese business enterprises) that provided they come up with a substantial number of companies operating in the zone, we will consider their request," Espina said. He did not disclose what comprises a substantial number, though.

Espina who met with officials of the Japan

Export Trading Organization (JETRO), the Japan Chamber of Commerce and Industry and other business groups during his seven-day investment promotion mission, also said that the Japanese remained interested in pouring investments in the country.

He added that Japan is facing crisis in its homefront due to pressures from the United States and the European Economic Community (EEC) to open up their doors to imports.

He reasoned out that as a result of the crisis, the Japanese businessmen have become more conservative now.

Moreover, he said the resulting crisis has presented an opportunity for the Japanese to gain more profits if they locate their industries outside Japan.

CSO: 4220/492

ANTIGRAFT BILL SIGNED

Manila BULLETIN TODAY in English 29 Mar 82 pp 1, 12

[Text]

President Marcos has signed into law three more bills approved by the Batasang Pambansa during its last session, including amendments to the Anti-Graft and Corrupt Practices Act, the stock transfer tax bill, and a third measure allowing balikbayans to own land here for residential purposes.

Malacañang said the President signed the three measures before he left for Baguio city over the weekend to address the commencement exercises of the Philippine Military academy.

Earlier, the President also signed a special election law providing for the election on May 17 of barangay captains and barangay councilmen in the 45,000 barangays all over the country.

The new anti-graft law gives more teeth to the government's campaign against dishonesty in the public service.

The new statute subjects to dismissal or removal from office any public official who is found to have acquired during his incumbency,

whether in his name or in the name of other persons, an amount of property or money manifestly out of proportion to his salary and other lawful income.

The new law considers as evidence of graft activities in any club or association, ostentatious display of wealth, including frequent travels abroad of a non-official character, when such activities entail expenses evidently out of proportion to legitimate income.

These circumstances now constitute valid ground for administrative suspension from office for an indefinite period, until the investigation of the unexplained wealth is completed.

Properties in the name of the spouse and dependents of the official may be taken into consideration when their acquisition through legitimate means cannot be satisfactorily shown.

Bank deposits in the name of, or manifestly excessive expenditures

incurred by, the official, his spouse, or any of their dependents, will also be taken into consideration.

All crimes committed under the new law, particularly unexplained wealth, will prescribe in 15 years.

The stock transactions law calls for the imposition of a one-fourth of one per cent tax for stocks traded within a year, and a 10 per cent capital gains tax for stocks traded after the one-year holding period.

It also imposes a 10 per cent tax on net capital gains for traded stocks below ₱100,000 but sets a maximum of 20 per cent for similar transactions exceeding ₱100,000.

The new balikbayan law allows former natural-born Filipino citizens to acquire land in the Philippines for residential purposes.

Acquisition is limited to not more than 1,000 square meters of residential land in urban areas and not more than one hectare in rural areas.

KKK FUNDS FOR MINDANAO PROJECTS

Manila BULLETIN TODAY in English 29 Mar 82 p 22

[Text]

COTABATO CITY, Mar. 28 — More than ₱10 million worth of livelihood projects under the Kilusang Kabuhayan at Kaunlaran program have been approved by the Ministry of Human Settlements in the autonomous region of Central Mindanao, according to region 12 Lupong Tagapagpaganap ng Pook (LTP) Chairman Simeon A. Datumanong.

Datumanong said some of the KKK projects are now going on even as more than 60 others, also worth millions of pesos, were undergoing evaluation and feasibility studies for funding.

In the number of KKK projects approved, Datumanong said, Maguindanao has the most with nine; followed by Sultan Kudarat, eight; Lanao del Norte, eight; North Cotabato, 15; for Lanao del Sur, 11 for Lanao del Norte, nine; for Maguindanao, and one for Sultan Kudarat.

Considered the biggest KKK project approved in the Muslim-populated region, according to Datumanong, is the ₱950,000 Irish potato production on a 50-hectare farm in Alamada, North Cotabato. This is followed by a ₱696,135 goat raising venture involving initially 550 heads in Maguindanao.

Some modest projects approved included a freshwater corral worth ₱45,803, a ₱40,000 two-hectare legume production, a ₱30,000 cattle-fattening involving 25 heads, an ipil-ipil tree farming costing ₱10,000, and a cabbage production with a funding of ₱10,000.

Datumanong said the KKK projects in region 12 are expected to uplift greatly the socio-economic life of the Muslim and Christian inhabitants in the southern Philippines.

CSO: 4220/492

FOREIGN FIRMS OUTBID LOCAL FIRMS

Manila BULLETIN TODAY in English 28 Mar 82 pp 1, 11

[Article by Mario Casayuran]

[Text] South Korean construction firms have out-bid local firms for the construction of Philippine road projects partly funded by the Asian Development Bank.

Since 1973, they have won ₱1.1 billion worth of contracts out of the ₱1.4 worth of infrastructure projects put up, despite the built-in advantages enjoyed by local outfits.

The South Koreans reportedly enjoy better financial and technical support from their government. They reportedly cooperate with each other and do not bid against one another in foreign countries.

The ₱1.1 billion worth of contracts do not include projects awarded to the Koreans through the national power corporation, national irrigation administration, the defunct Ministry of Public Works, and the metropolitan waterworks

and sewerage administration.

Of the 21 road contracts bidden out internationally since 1973, only three contracts were won and awarded to local contractors. Two contracts were later terminated and the third, won by the Construction and Development Corporation of the Philippines, is being implemented.

Twelve of the 18 contracts given to foreign firms went to Korean contractors, five to a South Korean-based American contractor, and one to another American contractor.

Thus, 86 per cent of the contracts went to foreign firms and 14 per cent went to Filipino firms. Cost-wise, foreigners got 90 per cent and locals 10 per cent of the outlays.

The ₱177.6-million Mindanao secondary

and feeder roads projects consisting of 556 kilometers were awarded to eight local firms in biddings which excluded foreigners.

These smaller roads lead to the Cotabato-Gen. Santos and Iligan-Cagayan de Oro-Butuan highways constructed by South Korean and the American firms.

The ₱1.1 billion in contracts awarded to the South Korean firms also do not include two big road projects constructed by Nam Kwang in the mid-70s. The two were partly funded by the World Bank.

These are the Manila north road (from Malinta, Bulacan to Rosario, La Union) and the Tarlac-Lingayen road (Romulo highway).

CSO: 4220/492

OPPOSITION UNITES UNDER UNIDO

Manila PHILIPPINES DAILY EXPRESS in English 31 Mar 82 pp 1, 6

[Text] **THE UNITED** Democratic Organization (Unido) said yesterday it has merged 10 political groups under its umbrella into a single political party.

Former Speaker Jose B. Laurel Jr., Unido chairman, said a three-hour meeting broke a stalemate on whether the groups should merely coalesce to maintain their identities or merge as a national political opposition party.

Laurel, who presided over the meeting at his residence on Shaw blvd. in Mandaluyong, identified the groups as the Nacionalista Party, Liberal Party, National Union for Liberation, Interim National Assembly Association, Mindanao Alliance, Bicol Saro, Unido Central Visayas, Kabataang Pilipino, Concerned Citizens Aggrupation, and the National Organization of Women.

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THE FORMER speaker said the Unido will again meet today to finalize four committee reports on the mechanics of the conversion of Unido into a political party.

Laurel said the Unido also agreed to ask President Marcos to make public the full complement of the Executive Committee that would take over the helm of government if anything "untoward" should happen to the Chief Executive.

A SPOKESMAN of Unido said the agenda in today's meeting include:

- A report of a committee headed by former Sen. Eva Extra Kalaw which recommended the conversion

of Unido into a political party.

- A manifesto prepared by a committee headed by former Sen. Ambrosio Padilla which spelled out the background and urgency of a merger of all genuine political parties in the country.

- Proposed petition of Unido for registration in the Commission on Elections as recommended by a committee headed by former Con-Con Delegate Abraham Sarmiento.

- Party organization plan down to the local level and party participation in political exercises as proposed by a committee headed by former Congressman Rogaciano Mercado.

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THE COMMISSION on Elections yesterday banned political parties from interfering in the coming barangay election.

The poll body invoked the provisions of Batas Pambansa Bilang 222 calling for non-partisan barangay elections.

- At stake are the posts for about 41,000 barangay captains and about 240,000 councilmen.

Comelec Chairman Vicente M. Santiago Jr. ruled that recently enacted barangay election law classifies participation by any political group in the polls as an election offense punishable under the law.

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- PROHIBITION against interference does not apply only to political

groups. BP 222 also, bans civic, religious, professional or other organizations from intervening in the nomination of any candidate or in the filing of his candidacy.

Such groups are also not allowed to directly or indirectly support any candidate.

The law likewise prohibits any person from representing himself or allowing himself to be represented as a candidate of any political group.

CSO: 4220/491

COMMERCIAL BANKS HOARDING DOLLARS

Manila PHILIPPINES DAILY EXPRESS in English 31 Mar 82 p 9

[Article by George T. Nervez]

[Text]

AT least six big private commercial banks have been found with excessive dollar reserves in violation of existing Central Bank guidelines on the foreign exchange holdings of banks.

The banks each have at least \$50 million excess reserves invested abroad in the United States where the high interest rates guarantee high higher returns, according to reliable sources.

The names of the banks involved were not disclosed.

Earlier, a high CB official disclosed that the excess overseas dollar investments of commercial banks, including the state-owned Land Bank of the Phils, were estimated to be over \$600 million.

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COMMENTING on the reports, Juan Quintos, CB deputy governor-international sector, said that in some instances banks with excess dollar investments were asked to reduce their overseas placements.

In some cases, he said, the CB denied the banks access to rediscounting privileges until they reduce their dollar investments.

"You cannot really blame banks who want to make more money by investing their dollars abroad. However, we would prefer that they deposit instead with the CB," Quintos said.

The overseas investments were made in violation of CB instructions prohibiting banks from maintaining an oversold position in any foreign exchange, and that they maintain a balanced foreign exchange position for every acceptable foreign currency other than the US dollar.

PREVIOUSLY, the banks were required to maintain a minimum ratio of 30 percent between the total of their net foreign exchange assets, cash in vault, excess reserves, and eligible securities and the total of their outstanding import letters of credit (L/Cs).

In addition to the 30-percent minimum ratio, banks were also allowed to maintain \$30-million worth of foreign exchange holdings abroad.

The CB decided to remove the 30 percent minimum ratio and the \$30 million allowable overseas investment in a move seen as a relaxation of the foreign placements of banks.

CSO: 4220/491

PHILIPPINES

SAUDI LOAN SOUGHT

Manila PHILIPPINES DAILY EXPRESS in English 2 Apr 82 pp 1, 6

[Text] **THE PHILIPPINE** government seeks a \$127-million loan from Saudi Arabia to finance four manpower training centers and a maritime polytechnic school to train Filipino Muslims.

The proposal will be presented by Labor officials during the 10-day visit of Mohammed Aldhallan, Labor Deputy Minister of Saudi Arabia, which will start today.

Aldhallan was supposed to arrive yesterday but his flight was delayed. He is expected to arrive today from Hongkong.

The four proposed training centers will be put up in Dipolog City, Cotabato City, Marawi City and Sulu.

On the other hand, the maritime polytechnic school will be established in Zamboanga City.

UNDER the proposal, \$20 million will be used to fund the maritime school and the remaining \$107 million for the four training centers.

The loan, sources said, will be granted by Saudi Arabia Development Bank with an interest

rate of 2 percent a year.

Saudi Arabia has agreed in principle to fund the training centers during the recent state visit of President Marcos to that kingdom.

Sources said during the visit, Aldhallan will discuss bilateral agreements with Philippine officials. Their talks will cover socio-economic projects. ***

ALDHALLAN will call on Labor Minister Blas F. Ople, Foreign Minister Carlos P. Romulo, Education Minister Onofre D. Corpuz, and Highways Minister Jesus Hipolito during his stay here.

The visiting Saudi Arabia's labor official will also tour the National Manpower and Youth Council, the National Skills Center and the International Rice Research Institute in Los Baños, Laguna.

The discussion is expected to lead to the formalization of an agreement between the two countries on labor and manpower covered under the understanding on economic and technical cooperation agreed in principle in Riyadh.

CSO: 4220/491

FUNDS GRANTED OVERSEAS CONSTRUCTION FIRMS

Manila PHILIPPINES DAILY EXPRESS in English 25 Mar 82 p 9

[Text]

THE Philippine Export and Foreign Loan Guarantee Corp. (Philguarantee) yesterday reported that it granted last year a total P1.747-billion financial assistance to 26 construction firms with overseas jobs.

Rosendo D. Bondoc, Philguarantee president, said the financial assistance extended by his agency was in the form of guarantee coverage for the bank loans of the construction firms.

He said, the foreign exchange equivalent of the guarantees provided for by Philguarantee to the 26 construction outfits reached \$212.12 million.

THE 26 companies that availed themselves of the guarantees are undertaking 63 projects in various Middle East countries, 44 projects of which are located either in Mecca, Jeddah, Dahrana, Riyadh and other key states of Saudi Arabia.

The aggregate project costs of the 63 projects amount to \$1.015 billion while those in Saudi Arabia amount to \$588.592 million.

The guarantees extended by Philguarantee are in the form of either working capital, performance bond, bid bond, advance payment, suppliers' credit or working capital.

Bondoc said Philguarantee's assistance program covers basically four types of export oriented projects, namely the non-merchandise sector which compose the overseas construction and service contractors; the heavy industries group, distinct in its large requirements of capital and the gestation period need for a commercially viable operation; the small and medium scale engaged in the light manufacturing or in the export trade.

In 1980, Philguarantee's support to overseas construction and service contractors amounted to over P750 million. It was also involved in supporting activities such as mining, shipping, oil production and other heavy industries with huge potentials for foreign exchange earnings.

CSO: 4220/491

EMPLOYERS CONCERNED OVER STRIKES

Manila BULLETIN TODAY in English 28 Mar 82 pp 1, 11

[Text]

The country's biggest employers group expressed grave concern yesterday that the "alarming increase of strikes and the repeated defiance of return to work orders issued by the authorities" may worsen the economic crisis in the country.

The concern was expressed in a meeting of members of the Employers Confederation of the Philippines (ECOP), composed of 125 national organizations and institutions representing all sectors of the economy.

(Related story on page 18)

It urged the speedy enactment of legislation to give the authorities concerned more power to punish violators, maintain peace and order, and prevent unlawful activities by both labor and management.

The ECOP said it submitted suggestions on the matter last week to

labor and employment Minister Bias F. Ople, the Ministry of Trade and Industry, and the cabinet executive committee.

It also reported that it has entered into a gentleman's agreement with the MOLE for the institution of measures to remedy the flaws of Batas Pambansa 130, including the scrapping of the "anachronistic legislation making unfair labor practices criminal."

"The law criminalizing unfair labor practices was enacted during the martial law period and has become patently contradictory to the normalization process, the promotion of free collective bargaining, and the exercise of reasonable and responsible trade unionism," the ECOP said.

CSO: 4220/492

NEW MINISTRY GAINS SUPPORT

Manila BULLETIN TODAY in English 31 Mar 82 pp 1, 12

[Text] A proposal to create a new ministry which will have direct control and supervision over the integrated national police (INP) gained more support in the Batasang Pambansa yesterday.

Latest to come out openly in favor of the bill were Assemblymen Ronaldo V. Zamora (KBL, Metro Manila), Januario Soller, Jr. (KBL, Metro Manila), Narciso Monfort (KBL, Western Visayas), and Baldomero T. Mangilinan (KBL, Central Luzon).

The bill is now under study by the Batasan committee on national defense and the committee on appropriations and reorganization.

Assemblyman Edgar U. Ilarde (KBL, Metro Manila), principal author of the bill, noted that the INP has been established by Presidential Decree 765 to implement a constitutional provision that the state should "establish and maintain an integrated national police

force whose organization, administration, and operation shall be provided by law."

However, PD 765 attached the INP to the Philippine Constabulary, a major service of the Armed Forces of the Philippines, Ilarde observed.

"With the lifting of martial law and the progress towards normalization, it became imperative to realign and restructure the INP so as to project the traditional civilian character of the police function and enhance its role in the maintenance of peace and order and public safety," Ilarde explained.

According to Ilarde, his bill would attain this objective by expanding the jurisdiction and functions of the national police and placing it under the control and supervision of a civilian agency, the Ministry of Public Order and Safety he proposed to be

created.

Ilarde said his proposal takes cognizance of the need to invest local executives with some degree of participation in police administration. This will enhance their capability in the maintenance of peace and order in their respective locality.

The Metro Manila lawmaker said all this is sought to be achieved by provisions of his bill which constitute the local chief executive as ex-officio commander of the town's police forces.

He said his bill grants local executive participation in the selection process of members of the police assigned in their respective areas, supervisory authority over INP members, and invests mayors and governors with summary disciplinary authority over policemen assigned to the area.

CSO: 4220/492

IMPORT CONTROL SYSTEM ADOPTED

Manila PHILIPPINES DAILY EXPRESS in English 25 Mar 82 p 9

[Text]

THE government and the private sector have adopted an "early warning system" mechanism to cushion the adverse impact of import liberalization on local industries.

The move will enable local manufacturers to take steps if the volume of importation goes out of proportion and threatens the survival of local industries, the Philippine Chamber of Commerce and Industry (PCCI) said.

THE early warning system mechanism will make possible the

accurate valuation of imports through coordinated efforts among the bureau of customs, the Central Bank and the private sector.

The PCCI said that when a letter of credit is opened the CB will immediately make available to the bureau of customs the names of importers, the products price and the volume to be imported.

The information will then be relayed by the bureau of customs to the PCCI which will then refer it to the industry sectors concerned so that appropriate steps can be taken.

CSO: 4220/491

PHILIPPINES

SUGAR EXPORT DROP REPORTED

Manila PHILIPPINES SUNDAY EXPRESS in English 28 Mar 82 p 15

[Text]

LONDON, March 27 -
Philippines Sugar exports dropped last year to 1.28 million tons raw value from 1.79 million in 1980, statistics issued by the International Sugar Organization shows.

Main export destinations, with the 1980 figures in brackets, were as follows: China 93,000 (44,000), Indonesia 218,000 (144,000), Iraq 38,000 (102,000), Japan 121,000 (377,000), South Korea 158,000 (244,000), USSR 337,000 (352,000), and US 189,000 (430,000).

CSO: 4220/491

TERRORIST CENTER RAIDED

Colombo SUN in English 26 Mar p 1

[Article by Ranil Weerasinghe]

[Text]

More than 100 highly lethal fragmentation 'grenades were discovered by Security Forces in a raid on a terrorist command centre in Vavuniya yesterday.

The locally-turned out grenades, made of G.I pipes, have been described as "anti-personal explosives" which cause as much maiming as they kill.

The grenades, the first of their type discovered in the country, had been turned out by 'students' of a West Asian-trained explosives expert who is now in Army custody, defence sources said.

Meanwhile Army and Police unit were yesterday in hot pursuit of three members of the Tiger Movement who escaped into the jungle after the raid on the command centre.

The raid came after the Mankulam Police had noted unusual activity at the farm which was known to have been purchased by the movement, and was kept under surveillance for a long period.

The joint Police and Army unit which carried out the raid found 200 rounds of .303 ammunition, four rifle bolts, three rifle magazines, and a hundred shot gun cartridges.

A large bomb in a metal container was also recovered by the security forces and handed over to explosives experts who believe that this contained a powerful explosive capable of destroying a fair-sized building.

Intelligence analysts now believe that this group had been planning a major operation, perhaps similar to the Avro bombing, or an attack on a vulnerable institution.

Plans to attack a Police station in Vavuniya were recently discovered, following an earlier raid on one of the group's command centres where a key member of the organisation was killed.

The terror group, they claimed, was now desperately attempting to restore its image which had suffered badly following the arrests and the 'spilling of the beans' by several key members of the group over the past few months. This restoration, they pointed out, could only be successfully carried out through the launching of a successful operation which would draw attention to themselves. The cold-

bloody killing of the Police constable earlier this week, was another way of showing that this group was not destroyed.

However yesterday's raid had successfully put back terrorist plans while also depleting their armoury. The recovery of the 303 rounds, bolts and magazines at two hideouts within this month had rendered useless a large number of the 303 rifles robbed from the Annalortal Police station last year, the intelligence sources pointed out.

The security forces who are trailing the three terrorists believe that this area is pockmarked with a number of their hideouts and shooting ranges, which were established for the training of new recruits.

CSO: 4220/496

AIR FORCE TO HANDLE AIRPORT SECURITY

Colombo SUN in English 31 Mar 82 p 1

[Text]

All security arrangements in regard to the arrival and departure of VVIPs at internal airports in the country will remain the responsibility of the Air Force.

In a special memorandum submitted to the Ministry of Defence by Air Force Commander, Air Vice Marshal Dick Perera, it had been suggested that all security arrangements inside air fields and aerodromes under the control of the Air Force be handled by security personnel, of the Force.

MINISTRY STUDY

According to Defence Ministry sources, this suggestion follows a study made by the Ministry which had revealed that specialised field personnel are needed to guard internal airports and landing fields, particularly in view of the growing threat from subversive elements.

These sources point out that the most suitable persons for this type of work would be the Airmen who have a first hand knowledge of the workings of an air field.

The memorandum states that security, within airfields and landing pads, provided for all VVIP's and VIP's on arrival and departure from SLAF aircraft should be reviewed in view of the takeover of airfields by the SLAF. These airports were earlier maintained by the Airports Authority.

According to the Commander some airfields still remain under the control of the Airports Authority.

The Air Force chief points out that the airfields that are yet to be taken over by the Air Force should be put in charge of the Police.

LIAISON ESSENTIAL

It has been suggested that it would be advisable for the police, including the CID, police responsible for the motorcade and other relevant authorities, to liaise with the respective Commanding Officer of the airfield at least 24 hours before the arrival or departure of VVIP's. This action would obviate any misunderstandings and ensure the smooth operation of security arrangements.

Defence Ministry sources said that the police too would be called upon to play a part in the programme. They will provide security outside the area of Air Force responsibility. In addition to this, they will also operate as ordered by the Defence Ministry on specific duties.

'SUN' reliably learns that the crack Air Force commando squad, will be stationed at all airports to stand by on occasions when such airfields are used for arrival and departure of VVIP's.

BANDARANAIKE HEADS REUNIFIED PARTY

Colombo THE ISLAND in English 2 Apr 82 p 1

[Article by Jennifer Henricus]

[Text]

The fate of the SLFP (M) leader Maithripala Senanayake and six of his close allies appeared to be in the balance yesterday following the central committee decision on Wednesday night to accept Mrs. Bandaranaike as their leader under a re-unified Sri Lanka Freedom Party.

Mr. Senanayake and six close allies abstained from voting on a resolution to re-unify the party under Mrs. Bandaranaike's leadership. They were R. P. Wijesiri MP, Haleem Ishak MP, P. B. G. Kalugalle, S. K. K. Sooriyarachchi, V. T. G. Karunaratne and S. D. R. Jayaratne.

The decision at a stormy session on Wednesday night which included fistcuffs now awaits ratification by the SLFP (M)'s all-island committee. Its General Secretary Basil Rajapakse who proposed the unity resolution seconded by Dixon Silva yesterday summoned the all-island committee for April 10.

The SLFP (M) central committee decision is seen by political observers as a significant development in the on-going feud between rival Freedom Party factions.

These observers point out that Wednesday night's majority decision would eventually lead to Mrs. Bandaranaike gaining control of the party headquarters and succeed in securing official recognition by the Elections Commissioner.

The task, observers point out has become easier since General Secretary Basil Rajapakse and nine others in the central committee (the majority) are in favour of Mrs. Bandaranaike's leadership and of joining her.

Wednesday's heated central committee discussions also ended up in fistcuffs between two members. Others had to intervene to restore order and in the process one of them was learnt to have injured himself.

In verbal blasts that preceded the free-for-all most degrading personal references were made.

CSO: 4220/496

SOLUTION OF STATELESS INDIANS SOUGHT

Colombo THE ISLAND in English 24 Mar 82 pp 1, 2

[Article by D. B. S. Jeyaraj]

[Text]

The Government of India been urged to negotiate with the Sri Lanka Government to seek a final solution to the problem of "Stateless" persons of Indian origin.

The Estimates Committee of the Indian Parliament has in its report stated that the determining factor for repatriation to India or absorption as citizens of Sri Lanka should be the individual wishes of the persons concerned.

The Estimates Committee Report was presented in the Lok Sabha by Tamil Nadu MP Mr. K. T. Kosalram on Friday.

The Report also says that thinking in Sri Lanka on the question of repatriation of 'stateless' Indians is undergoing a change and the importance of Indian workers in Sri Lanka's economy is now being realised. According to the report "Though the views formally communicated to the Government of India is that the Sri Lanka Government wished the agreement to be implemented as originally envisaged, there was evidence to show that individual plantation owners and superintendents were not as anxious as their Government to send back the Indian workers."

The Committee also lays the blame for tardy implementation of the India-Sri Lanka agreement on Sri

Lanka for delaying the completion of formalities.

The Committee report also takes note of the living and working conditions of stateless Indians as presenting a "depressing picture". It has suggested that the Government of India should move the Sri Lankan authorities "to bring a little sunshine into the lives of the helpless Indians working in tea plantations".

The report also states that until the future status of the stateless Indians is decided, they should be allowed to live and work with dignity and enjoy basic civic and human rights without discrimination.

Another observation by the Committee is that people awaiting repatriation to India are often held up because of delays in payment of Provident Fund, gratuity etc. According to monitoring done in February 1981 by the Indian High Commission a substantial majority of repatriates having their passports since May 1979 had not received their Provident Fund and other dues till July 1980.

The report also censures the Indian High Commission here for not having done enough to help the Indians in Sri Lanka merely because they happen to be stateless. It says that until their status is decided the High Commission should not hesitate to go to their rescue.

DRYDOCK CONSTRUCTION TO START

Colombo THE ISLAND in English 26 Mar 82 p 4

[Text]

COLOMBO Dockyard Ltd., in which the Sri Lankan national carrier and Singapore interests have financial stakes, has called for applications from pre-qualified contractors for registry and consideration in connection with the construction of a new Dry Dock in the Port of Colombo. The civil works will begin later this year, according to schedules.

The consulting civil engineers for the project is T.J. Burns & Partners of Sussex U.K.

The consulting engineers and their local counterparts have been busy on the tender drawings, specifications, BOQ and conditions of contract for the project. The documentation is expected to be ready by the first half of the year.

The civil works will involve the construction of the dry dock of reinforced concrete to take 90,000 dwt vessels, and also a repair pier of 15' cushion extending for about 80

metres from the new dock entrance. Other temporary civil works will include an extensive sheet pile cofferdam.

The mechanical and electrical work on the new dock yard construction will involve the supply, erection and installation of items such as dockside cranes, pumping equipment consisting of dewatering pumps, drainage, salt water and fire pumps. The dock arms, overhead electrical travelling cranes, substation equipment and the laying of electrical cables are also a part of this category of requirement for the project.

Applicants for the pre-qualification registry are invited to indicate their ability to offer low interest finance or to generate governmental credit lines for the project work to be undertaken by them. Applicants are also requested to state their past experience in dock construction or the supply of material for maritime activity.

The on-going plan for the development of the Port of Colombo by the Japan International Co-operation Agency (JICA) has made provision for the construction of this new dry dock at the northern part of the existing coaling jetties, that are known locally as the Finger Quays, but the dry dock for which there was no financial or design commitment ... the JICA plan will be undertaken separately.

At present, Colombo Dockyard Ltd., own three dry docks, one of which can accommodate a 30,000 dwt vessel while the other two docks can each take a 6 000 dwt vessel. The firm has built patrol boats for the Sri Lanka Navy, undertaken heavy repairs of a floating dock in recent years for the Bangladesh Port Authorities and has also a productive agreement for repairing naval vessels of the French Indian Ocean fleet.

All in all, the track record of the Colombo Dockyard Ltd., has been one of fine workmanship and sound financial standing.

EMERGENCY RICE PURCHASE REPORTED

Colombo SUN in English 27 Mar 82 p 1

[Article by Minoli de Soysa]

[Text]

Sri Lanka is to sell a further 20,000 tons of rubber to China in order to make an emergency purchase of 120,000 tons of rice.

Trade Ministry Secretary Lakshman de Mel and Food Commissioner N. Pulendiran have already begun negotiations in Peking for this purpose.

Anticipating a bumper Maha harvest this year, Sri Lanka did not make a specific commitment for the quantity of rice it would purchase when the 1982 Sino-Lanka trade Pact was concluded in November last year. It was agreed that the quantity would be decided upon at a later date. At this time it was agreed that China would buy 20,000 tons of rubber from Sri Lanka.

This increased purchase of both commodities under the pact, however, will be carried out on the basis of liberalised trade, breaking a 30-year-old tradition. Private sector shippers will for the first time, be permitted to ship this rubber to China. Previously this was done exclusively by the Commissioner of Commodity Purchase.

'SUN' reliably learns the new deal — 20,000 tons of rubber for 120,000 tons of rice — will be determined on current world market prices for these two commodities.

The purchasing delegation will then arrive in Pakistan to join Trade and Shipping Minister Lalith Athulathmudali in negotiations for the purchase of 80,000 tons of rice from that country.

CSO: 4220/496

TEA PRODUCTION, PRICES FALL

Colombo SUN in English 26 Mar 82 p 1

[Article by Jennifer Henricus]

[Text]

The country's tea production is estimated to fall by nine million kilos for the first quarter of this year, a drop in production as great as what was experienced in 1960, which was considered one of the worst years for tea.

This massive lump in production has been attributed to the prolonged drought, the worst experienced this century.

According to Colombo's tea traders, this reduction will greatly affect the tea auctions next month when the lowest quantities are expected to be put on sale. They predict that as little as two million kilos will be offered for sale weekly be the lowest quantity for sale in the last decade.

There is however, a little optimism that the prices should pick up next month. Some traders however were of the opinion that since the quantities being offered were small, the prospect of an active market was not very good.

The tea smallholders have been the worst affected by the drought and the Government is now considering relief measures to enable them to get a better price for their leaf.

This price support scheme is being worked out and is to be implemented shortly.

CSO: 4220/496

PRICE SLUMP HURTS COCONUT OIL INDUSTRY

Colombo DAILY NEWS in English 30 Mar 82 p 3

[Article by T. Sabaratnam]

[Text] Sri Lanka coconut industry is in the doldrums due to the falling price of coconut oil in the world market, a Coconut Industries Ministry spokesman said yesterday.

He said the current market price of 450 US dollars (about Rs. 1,250) a tonne was the lowest in recent times.

Since 8,000 coconuts are needed to produce one tonne of oil, the local selling price of 1,000 nuts has gone below Rs. 900.

Mr. P. G. Punchihewa, Secretary, Coconut Industries Ministry said his Ministry was worried because the "plant season" when more coconuts come into the market was just beginning. Usually the crop picks up from April to September. If the coconut oil market fails to improve, local prices may

decline further," he said.

But the prospects of the coconut oil prices gaining is bleak. World market analysis for coconut oil shows a steady rise in production since 1979.

This is especially so in the Philippines, the world's number one coconut oil producer. It is estimated to produce 1,475,000 metric tons of coconut oil this year — a record.

The Philippines' unprecedented production and the competition coconut oil receives from other edible vegetable oils especially soya, rape and palm oils, can depress prices.

The palm oil industry has shown an impressive growth especially in Malaysia where production is estimated to rise to 3,000 mil-

lion tons this year from 2.8 million tons in 1981.

Unlike the Philippines, Sri Lanka has no difficulty in marketing its coconut oil. In fact the Coconut Industries Ministry has planned to double the export of coconut oil this year. In 1981 the quantity exported was 20,000 metric tons.

"It is the price factor that is causing anxiety" Mr. Punchihewa said.

If the oil price remains or falls below 450 US dollars, the coconut industry will become uneconomic.

Will the small holders then manure? If they don't what will happen to coconut production next year? These are questions that worry the authorities.

CSO: 4220/497

BHICHL DISCUSSES POSSIBLE FOREIGN POLICY DIRECTION

Bangkok THE NATION REVIEW in English 29 Mar 82 p 5

[Text] Mr Bhichai Rattakul, former deputy Democrat leader, ex-MP and former foreign minister, is strongly tipped to be picked as leader of the Democrat Party in the party's general assembly this coming Saturday (April 3).

Last week, Bhichai gave an hour-long interview to Nation Managing Editor Suthichai Yoon on what he plans to achieve when he is made leader of the country's oldest political party.

Here are excerpts from the conversation:

Q: WHAT'S THE FIRST thing you plan to do when you are elected the new leader of the Democrat Party?

A: THE FIRST MAJOR task would be to effect a large-scale overhaul of the party. In the past three years, we must admit, there hasn't been a revamp of the party machinery.

There are groups of qualified people who are not by nature politicians as such but are interested in seeing and supporting a strong political party. They want to support not only the right kind of party platform. They also want to back the right group of personalities. These are people keenly interested in supporting us. But certainly, they don't want to be publicly identified. Nor do they want to be actively involved in party politics.

This group of people number about 60 to 80, some of them formerly with Seritham and New Force parties while others are businessmen and academicians. I want to include them as our "Think Tank" to help the party.

Q: I UNDERSTAND that you also want to make some changes in

the roles of deputy party leaders. What kind of changes have you been contemplating?

A: EACH DEPUTY leader must have a definite "terms of reference." They must be given specific tasks to run. Under the proposed change in the party structure, I foresee five deputy party leaders who will be given separate clear-cut assignments.

First of all, there will be a deputy party leader in charge of administration. The party's secretary general will come directly under him. That will be a major change in the party organization. But I think that is very important.

The second deputy leader would be in charge of parliamentary affairs. He will also serve as the Chief Whip. Then, there will be a third deputy leader who would specifically be in charge of policy implementation and evaluation. Another deputy leader is solely involved in finances. Then, there will be the fifth deputy party leader who coordinates with the Cabinet, plans and selects directors of various organizations within the party.

Q: WHO would be in charge of the party branches throughout the

country? That appears to have gained importance with the Democrat and other parties recently.

A: YES. The secretary general will oversee the party office manager who would be directly in charge of the activities of the party branches and expansion of party membership as well as welfare benefits of the party members all around the country.

My plan is that we must turn the party branches into the party's genuine base. According to my own projection, within one year we must have 110 or more party branches, from today's estimated 80 branches in various parts of the country. These branches must be able to oversee and coordinate with members of the provincial assemblies all the way down to the village headmen.

Q: YOU will have an office manager who will run a permanent office, won't you?

A: YES. I am looking for a qualified person to do that job. He will be a permanent staff member with a monthly pay scale of around 15,000 baht. And should any untoward incidents happen, I would personally find him a job with

equal pay.

To run the party headquarters, I think we would need a monthly expenditure of about 200,000 baht.

Q: YOU HAVE SAID that if you were elected party leader, your main task would be to lead the Democrat Party into the coming general elections scheduled for next year. What are your plans for the Democrats in the 1983 general elections to regain its old position which has weakened considerably from a height of 114 seats down to only 30.

A: WE SHALL field about 200 candidates in the general elections (from a total of about 370 available seats throughout the country). We won't vie for every seat. I will personally travel around to interview prospective candidates. With some people, I would beg them to join us as our candidates. In fact, I have already started the process.

Q: WHAT ABOUT money? Where and how are you going to raise the fund to subsidize the elections?

A: THAT'S a major problem, admittedly. If we fielded 200 candidates and each spending about 200,000 baht, the total campaign budget would come to about 40 million baht. Let me be frank about this: there are people with money who are willing to help with financial contributions to see that the Democrats survive and prosper. In other cases, I go personally to beg for contributions from people I have respect for. There are businessmen who say that they don't want to see Thailand's oldest party just fade away. They believe that many veteran politicians had joined hands to build this party up and they are ready to help contribute to its revival and find means to strengthen the party.

Q: WHAT'S your platform towards the business circle then? How do you "sell" your party to them?

A: MY POLICIES concerning business is that I emphasize free trade, based on the theory of supply and demand. I am totally against the "quota" system.

Also, I shall promote decentralization of administration to the rural and local areas and I'll promote the setting up of unit banks in the provinces. Emphasis will also be given to investments in gas and oil and we must try to cut down the poor people's expenses. For example,

I am strongly against the levying of tax of interests earned from bank deposits. Many people may think only the rich have deposits in the bank. But they don't realize that the poor too suffer from this.

Also, I will strive to reduce the current 40 per cent corporate tax which is too high. My objective is to reduce trade and payment deficits within four years.

Q: SOME PEOPLE have suggested that your foreign policy is somewhat different from what the present government is pursuing. Some people have also said that certain military people may not agree with your foreign policy. How would you react to that?

A: I FEEL that the Prem Government's foreign policy and the Democrat Party's foreign policy are almost identical – in writing. Gen Prem has declared that his government's foreign policy is to be friendly to all countries regardless of political and economic ideologies. That's also our basic policy principles. So, it would be wrong to say we have different foreign policies.

But it would be true to say that the implementation procedures or the APPROACHES are different. I believe we are serious in following what is written as policies. We believe in *implementing* what we have drawn up.

My policy makes it abundantly clear that ASEAN remains the cornerstone of our foreign policy. I shall maintain a policy of equidistance with the major powers.

And here, I want to emphasize that I am serious when I say equal distance must be maintained with the super-powers. If we accept the theory that the country's security depends on our immediate neighbours – and not Moscow or Peking – we must try to find means to eliminate that problem accordingly.

That, by no means, indicates that we would have to "kowtow" to anybody, mind you.

On the Kampuchean question, we would have to follow the UN resolutions and that means we will have to insist that the Vietnamese must pull out their troops from Kampuchea and secondly, the Kampuchean people must be allowed to decide their own fate.

Q: WHAT DO you think of criticism from some quarters that we might have been "too involved" in the Khmer question?

A: I AGREE with that criticism to a certain extent. I think we at times were overly enthusiastic (overzealous) over the Khmer issue while in fact it's not really something we should get ourselves glued to.

Q: BUT VIETNAM hasn't shown much flexibility here either.

A: THAT, too, is true. Vietnam has been stubborn. At the same time, Thailand and ASEAN haven't put up any new proposals to reduce the Vietnamese stubbornness. So both sides continue to stand on their old rigid positions. We must re-open the dialogue, I believe.

We must, I believe, come up with a package deal with Vietnam. We must put up a proposal for step-by-step concessions on both sides. If they give in this much, we would take one further step. If they take another step, we would take a subsequent move. It must be based on a give-and-take basis.

We must also lobby to get Vietnam out of the Soviet orbit. Perhaps, we can persuade the US, Japan and Western Europe to produce a carrot to wean the Vietnamese out of the Soviets.

When Squadron Leader Prasong Soonsiri (secretary general of the National Security Council) publicly suggested that we should perhaps adopt a "hands-off" policy on the Khmer issue to put our own house in order, I picked up the telephone and told him that I was in full support of his position.

Q: DO YOU believe in secret diplomacy to break the deadlock with Vietnam over the Khmer issue?

A: YES. I DO think that secret diplomacy would be the only effective way out.

Q: HAS NGUYEN Co Thach (Vietnamese foreign minister) communicated with you since you met him last year in Paris for non-official talks?

A: YES, he has written me a letter. But there is nothing new in it. The Vietnamese ambassador has been talking to me though. But their stand remains rigid and unchanged.

Q: WHAT'S your position towards the military establishment?

A: I BELIEVE that the military is an important factor of the political structure in this country. And we have to be realistic about it. What I would like to propose is that we must fill up the vacancies in our armed forces. For example, our battalions may not be in full force in terms of the number of personnel yet. That must be changed and we must boost our military units to full force. Secondly, we must make better use of the territorial defence students who should get a monthly military refresher course every year with the employers being compelled to pay their salaries to keep our armed forces fully alert and efficient all the time.

Q: HOW'S your political relations with the army?

A: I HAVE talked to senior people in the army and the navy, not the air force yet so far. I have maintained a reasonable degree of contacts. I have requested certain generals, some of them retired generals, to run in the elections under the Democrat banner.

Q: IF YOU WERE to be named Democrat leader on April 3, how are you going to maintain your relationship with Prime Minister Prem Tinsulanonda?

A: AS I have pledged, I won't take any Cabinet portfolio if I was elected party leader although the Democrat Party is part of the coalition. All the six Democrats holding Cabinet portfolios now will continue to hold their posts. And that applies to Dr Thanat Khoman.

But, of course, as Democrat party leader, I will hold consultations with the prime minister to exchange ideas and offer my opinion which should be useful to the government.

Q: WHAT if Dr Thanat resigns as deputy premier as well?

A: I HOPE that won't happen. But if it did, I wouldn't accept the position of deputy premier. It's up to the prime minister to appoint one. If he comes to me and asks the Democrat Party to produce a candidate, I would do so. But it won't be me. That's for sure.

Q: WHAT is going to happen to Dr Thanat now that he is no more party leader?

A: DR THANAT continues to be a member of the Democrat Party.

He is a senior member and his expertise and experience should be of help. I hope he will take up an advisory post in the party.

Q: I understand that the Southern Faction within the party isn't happy with the growing influence of the group led by Khun Damrong Latthapipat and Khun Chalermphand Srivikom. How are you going to patch up that rift?

A: I HAVE talked to both factions separately. I admit that that is a challenge for me. I have told both sides that they can't use me as a tool against the other. I promised them I will be fair and I have made it clear that unless we are united, we may soon end up being an Under-Ten Party (party with fewer than 10 MPs). Everybody agrees with me and pledged his support to me.

Certainly, one can't expect miracles to happen. I believe that my sincerity and hard work would slowly reduce the mutual suspicion among the so-called factions within the party.

Q: HAVE you pacified the Southern Faction now?

A: I BELIEVE, and certainly hope, so. Recently, when we met to discuss the proposed composition of the new executive committee, I asked that it be revised to put in more Southern representatives to make the regional representation fairer. Everything must be done in a fair way.

Q: DO YOU still meet former party leader M.R. Seni Pramoj often these days?

A: I DO pay my respect to M.R. Seni from time to time. But I don't talk politics when we meet. I don't want to bother him with politics.

Q: YOU will run in the next general elections, won't you?

A: CERTAINLY – and most probably in Phrakanong area. I can't stand in election in another constituency – or else I would be accused of being a coward. I know there is a risk involved in running in the old constituency where I was once defeated. But there are certain sacrifices a party leader must show to convince the rest of the party that certain principles must be kept alive.

THAILAND

POSSIBILITY OF FUTURE BAHT DEVALUATION ASSESSED

Bangkok SIAM MAI in Thai 20 Feb 82 pp 34, 35

[Article: "Will the Baht Be Devalued Again?"]

[Excerpt] To date, there is no one who is 100 percent sure that the baht will remain stable for any length of time. This is because the baht has been devalued twice at similar intervals by almost 10 percent. This last time, the baht was devalued 8.7 percent as compared with the U.S. dollar. This happened on 15 July 1981. Events such as this have been occurring quickly, especially in the period since the beginning of 1982.

That is, the value of the U.S. dollar has increased greatly against important world currencies because the central bank of the United States does not want to change its tight money measures in order to solve the problem of inflation there.

Thai monetary and financial administrators have said that the reason for last July's devaluation of the baht was that the U.S. dollar was very strong as compared with other world currencies. Even though the baht was tied to several currencies, it leaned most heavily on the dollar. This resulted in the baht having a high value in accord with that of the dollar. It was thus over valued as compared with other important currencies, particularly the yen and the Deutschemark. This made it difficult for Thai exports to compete abroad and this resulted in the country's trade deficit and balance of payments deficit, which have shown deficits for several years, becoming even worse.

Thus, the devaluation of the baht will lower the price of Thai goods and, conversely, will increase the price of goods imported from abroad. Or stated another way, exports will increase while imports will decrease.

What has been said above is a matter of international trade balance figures. This writer admits that the devaluation of the baht two times by about 10 percent has eased things constantly. But many, or almost all, of the commercial banks can still say that the capabilities for solving the human problems are still not in sight. This can be seen from the fact that while the Bank of Thailand can [try to] force the commercial banks to give 13 percent of

the deposits as credit for agriculture and agricultural industry, the commercial banks in general are keeping such credits far below the targets set by the Bank of Thailand.

But at present, it is good to hear that the Bank of Thailand's measures to force the release of agricultural credits have stimulated several commercial banks to take an interest in revising the risk measures in giving agricultural credits. Two or three commercial banks have laudably invested money and manpower to conduct studies and conducted experiments in giving agricultural credit.

The risk involved in various activities is something that humans can overcome. Last year, the quantity and value of exports was greatly affected and this slowed down the international trade deficit greatly. From a rate of increase of 23.4 percent in 1980, the rate fell to only 15.5 percent in 1981.

But we can discuss in detail the essence of the Thai economic system's structure. The stability of the baht depends on the foreign "loan" factor. Great sums have been borrowed, especially from the foreign private sector, from which it is easy to make loans. That is, it is very easy to make loans and repay the loans quickly depending on the interest rate situation on world money markets.

Concerning the commercial banking system's foreign debt as of last September, the debt reached a peak of 30 billion baht. And it is estimated that in the last 3 months the foreign debt of the commercial banks has reached more than 3.5 billion baht. This is because foreign interest rates declined at the end of the year.

It is the foreign loans of the commercial banking system that are an important reason for the country's balance of payments reaching a peak surplus of 2,500 million baht at the end of 1981 as compared with the 5,179.3 million baht balance of payments deficit in 1980.

These foreign loans are very uncertain. That is, the amounts vary continually depending on the interest rate situation on foreign markets. This is an important factor, as was mentioned above. Thus, it can be seen that the country's balance of payments situation is very unstable.

Thus, the country's balance of payments situation may show a deficit on certain days and in certain months and no one can predict this ahead of time.

Thus, the baht may have to be devalued again at any time.

International Balance of Trade and Balance of Payments (millions of baht)

Year	1972	1973	1974	1975	1976
Balance of trade	-8,884.6	-10,802.4	-14,302.2	-20,161.2	-11,084.9
Balance of payments	-3,991.4	-864.2	-8,012.0	+2,868.0	+82.8
	1977 -25,598.8 +7,537.9	1978 -28,540.0 +13,296.0	1979 -47,053.1 +7,925.0	1980 -57,984.8 -5,179.3	1981 -67,000.0 +2,500.0

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CSO: 4207/66

BAHT OUTFLOW DISCUSSED AT CONFERENCE

Bangkok THE NATION REVIEW in English 30 Mar 82 pp 11, 13

[Text] The Nation Panel of Economists, admitting that there are several factors which can attribute to the money market trend, has expressed optimism and said the tight money situation, if it is to arise during the middle of this year, will not be as severe as that of last year.

The factors include the direction of the economic policy of the Reagan Administration, the swap arrangement carried through the end of this month and payment of about 6,000 million baht corporate income tax due next month.

A panellist said bankers were surprised at the money market trend during early weeks of this month. They had expected that there would be a serious need during the period for repayment of foreign funds brought under the swap arrangement. But as results showed, the prediction that money would "dry up" from the market did not occur.

The same panellist pointed out there was a satisfactory degree of liquidity in the money market a few weeks ago, but bankers could not agree on what would happen a few months from now.

But what is certain is that about 6,000 million baht will be taken away from the local money market in May when payment of corporate income tax is due. The same panellist said that the previous and existing liquidity might have been the result of early inflow of the country's export earnings.

"But when it came in early, it could also go quickly and as a result, the tight money situation can occur during the middle of this year," the panellist said.

Another panellist suggested that what should be closely watched, among other things, are the performance of foreign money markets, Eurodollar market, how President Reagan would manage his budget deficits.

Another panellist said there should not be worries about adverse effects when the swap arrangement, carried from the end of last year, ends this month.

The same panellist expected that about US\$300 million will be repaid to foreign lenders but local lenders can still bring in foreign

funds without cover.

He pointed out that it was generally understood that when there was recession, there would be liquidity in the money market because there were less prospective borrowers when there were risks in investments. Commercial banks and financial institutions would be more careful in extending credits.

He said that there may not be tight money in the market but for clients of financial institutions, they may think that the tight money situation existed because of their inability to obtain loans. But there would still be sufficient funds for prime customers.

Another panellist said that there remained high liquidity during the first three months of this year, despite expectations that there would be tight money when the swap arrangement ends.

During the period, private sector's activities did not decrease but there was considerable outflow of funds compared to the high rate of inflow during December a panellist said.

He said that the rate of fund outflow during the three-month period was estimated at 1,600 million baht a month in January and slightly lower in February. There were current account deficits compared with surplus in November and December. The liquidity might be attributed to about 7,000 million baht released by the Bank of Thailand during the first two months of this year.

This amount, the panellist said, might have prompted the high rate of repayment of foreign funds and at the same time, maintained high liquidity in the money market.

Another panellist expressed uncertainty over the real effects which might result from the discontinuation of the swap arrangement and outflow of 6,000-7,000 million baht. He said the sentiment of money dealers was that they

would prefer to repay as soon as there is such an opportunity.

The same panellist said that another important factor is the confidence of businessmen in the value of baht. There is a strong possibility that the tight money situation may occur when they are reluctant to bring in foreign fund without the swap arrangement.

He pointed out that 6,000 million baht could not be ignored because it was quite a fortunate situation during the past few months when there was no high demand for money.

"What I want to say is that there has been small increase in the demand for money because there were no new investments. Another important point is slow growth rate of inflation," he said.

He said there was no demand for money in the agricultural sector due to price slump. At the same time, the government does not have many big projects.

Another panellist said that there should be no relation between high interest rate and the tight money, because there might be liquidity when interest rates are high. Borrowers in general could think that there was tight money because they could not obtain loans.

"There is money for lending. But financial institutions and commercial banks are cautious and prefer to making lendings to prime clients," he said.

He expected that the situation might improve later.

CSO: 4220/495

INSURGENTS ATTACK NAKHON PHANOM BRANCH DISTRICT POLICE, GOVERNMENT POST

Bangkok BANGKOK POST in English 29 Mar 82 p 1

[Text]

NAKHON PHANOM
A BAND of communist insurgents in a predawn raid yesterday stormed the Nikhom Kham Soi District police station and the local district office of this northeastern province and burned it and other government buildings to the ground.

One police officer was killed and five defence volunteers were wounded, one seriously, in the attack, police reported. Damage to the buildings and facilities was estimated at 2 million baht, according to Governor Viroj Amrat.

Around 2 a.m. yesterday about 200 insurgents surrounded the police station of Nikhom Kham Soi and near-by government buildings, 132 kilometres south of Nakhon Phanom town and opened up with an assortment of weapons including M16, AK assault rifles and RPG rockets.

About 50 policemen and defence volunteers guarding the station and the district office resisted but were overwhelmed in less than an hour by the heavily armed insurgents.

After herding the policemen, defence volun-

teers and other occupants from the police quarters, the insurgents set the buildings on fire, the report said.

According to one account, Pol Sgt-Maj Sakda Varasit who was roused from his bed when the attack began, jumped off from the police living quarter armed only with a rifle.

He was gunned down by the insurgents and his body was later found in the station compound.

The wounded men identified as Katika Inthiso, Seen Tammont, Thavil Si-ngam, Pae Hueysai, and Sa-nguan Klinnakarn were sent to Mukdaharn district hospital for treatment. Their conditions were reported to be satisfactory.

The insurgents took away communication equipments and ammunitions before fleeing towards Ubon Ratchathani Province.

According to the Superintendent of Nakhon Phanom Provincial Police, Pol Col Prajit Saengsubin, the attack was possibly a reprisal for an anti-insurgency drive of the 3rd Army Region.

CSO: 4220/495

POSSIBILITY OF BAHT DEVALUATION DISCUSSED

Bangkok BANGKOK POST in English 28 Mar 82 p 8

[Article by Sunissa Hancock]

[Text] There seem to be three major reasons for the current spate of devaluation rumours--the effective end of the Bank of Thailand's 'swop arrangement' at the end of this month, the drop of around US \$500 million in the country's foreign exchange reserves at the beginning of this year and the relatively high cost of buying forward cover for the US dollar at the moment.

'If there is nothing to be gained either economically or politically from a devaluation at this time, then to devalue now would be nothing short of economic suicide for the country and political suicide for the Government.'

WHETHER or not the baht will be devalued once again in the near future is the subject of much speculation at the moment — not among bankers and financiers perhaps, but certainly among a number of the finance managers of large international companies.

The most nervous of these, it seems, are the Japanese, many of whom are convinced that the recent denial of a devaluation by the Bank of Thailand portends a certain devaluation in April — central bankers, after all, being notorious for denying a devaluation or a revaluation just before doing so!

As to what led to the speculation about a possible devaluation — bankers seem to think that it's a case of "once bitten, twice shy." Thailand has devalued before — and in fact, just prior to the devaluation in July last year, some central bank officials had stated that there would be no devaluation — so why not again?

And, with many large, international companies borrowing

heavily overseas, their concern with eliminating or at least minimising foreign exchange risks has led to them appealing for reassurance that there will not be another devaluation — enquiries which in turn have served to fuel the rumours further.

There seem to be three major reasons for the current spate of devaluation rumours — the effective end of the Bank of Thailand's "swop arrangement" at the end of this month, the drop of around 500 million US dollars in the country's foreign exchange reserves at the beginning of this year and the relatively high cost of buying forward cover for the US dollar at the moment.

To look at these in turn, the swop arrangement was introduced in October last year for a period of three months.

Under this arrangement, foreign funds brought into the country between October and December 31, 1981, were "guaranteed" against foreign exchange risks by the Government up until the end

of March, so that while this arrangement officially ended as of December 31 — funds brought into the country after that date are not covered by the arrangement — it effectively ends on March 31, 1982.

According to the Bank of Thailand, the swop arrangement was introduced in order to alleviate the tight money situation prevalent in the country in the last quarter of 1981 — a situation brought about by the high interest rates overseas.

By eliminating the foreign exchange risk, it became more attractive to bring funds into the country despite the interest rates, and, since the belief was that these rates would start coming down before the end of 1981, it was decided to have this arrangement last only three months.

Confidence

Where outsiders were con-

cerned, however, the introduction of the swap arrangement was widely seen as an attempt by the Bank of Thailand to restore confidence in the baht, for shortly after the devaluation of the baht against the US dollar in July last year, this confidence was lacking and foreign funds were not being brought into the country.

Contributing to this lack of confidence was the opposition to the devaluation by many politicians and, since the Government did have the reputation of backtracking on a number of its more unpopular decisions, there was the fear — whether justified or not — that something similar could happen again.

As it was, the swap arrangement did both things — it led to more funds brought into the country, thus easing the tight money situation as well as restoring confidence.

Though the swap arrangement ended on December 31 last year, "psychologically, people see it as ending on March 31 this year, and this has led to them speculating as to a possible devaluation after that," bankers say.

However, most bankers see no need for this swap arrangement to be re-introduced at this time — especially not just to put an end to the speculation as to a possible devaluation of the baht — since money is not tight at the moment.

Furthermore, given the fact that domestic interest rates are higher than the overseas rates at the moment, it is very attractive for people to bring in funds now.

As for the argument that the decline in the country's foreign exchange reserves by close to 500 million US dollars from what they were at the end of last year has put pressure on maintaining the baht at its current value, it has been pointed out that this "loss" is the result of nothing more than the current drop in gold prices.

Thailand's gold reserves are valued just once a year — at the beginning of the year — and practically all of the US\$500 million "loss" is the result of valuing the country's gold reserves at the current price.

Reason

"Had gold prices increased instead of declining the way they have done, the foreign exchange reserves would have shot up instead of down," officials say logically in dismissing this as a valid reason for a lack of confidence in the baht.

Traditionally, they add, central banks do not buy and sell gold from their reserves just because market prices go up or down since the gold is used to back up the value of the country's currency.

"Given the current gold prices, every country is experiencing a loss in its foreign exchange reserves, but this is no reason for a lack of confidence in its currencies."

Where the forward cover rate for the US dollar is concerned, many people see the current rate of around six satang or so as being on the high side — a situation which has led to some concern since the forward cover rate is seen as being a fair indication of the state of confidence in the value of a currency. As such, the current forward cover rate is seen by many to reflect a lack of confidence in the stability of the baht.

Financiers here, however, do not regard this in quite the same light, pointing out that the forward cover rate here is in many ways an "artificial" rate.

"Had it really reflected the state of confidence, then there should not even be a premium on the forward cover but a discount, for the baht is, in fact, stronger at the moment given the fact that US interest rates are below the interest rates here. Historically however, the dollar has never been discounted against the baht — whether because of a lack of faith, future expectations or whatever."

They pointed out too that the buying and selling of forward cover here is handled by just a few commercial banks and "while there is no collusion between the banks as to a rate, the market is thin and foreign exchange is just not available at times so that the rates tend to be higher than they would

otherwise be."

It was pointed out too that foreign banks and multinationals operating here never take an open position but try to cover all their risks, and this in turn creates an artificial demand for forward cover which is reflected in the rates.

"Though the Thai private sector is a net borrower of foreign currency, companies which borrow in foreign currency want to change it into local currency, and, since they can't do this by borrowing in baht, they change by buying cover in the market. This puts pressure on the foreign exchange side making the forward cover rate high," they note.

While theoretically, the forward cover is a rate which equalizes the interest rates overseas with domestic rates, other factors such as confidence, the state of the economy, future expectations, past scares and so on, do contribute to the end rate — and, if the "artificial" nature of the demand and supply here is taken into account, the forward cover rate alone does not necessarily give a true reflection of confidence or lack of confidence in the value of the currency, finance sources add.

They did point out though, that there is another factor which might have contributed to the devaluation rumours — the fact that the US dollar is getting stronger, for with dollar interest rates being relatively higher than others, the dollar is appreciating against other currencies.

"In fact, the value of the dollar against the yen at the moment is the highest it has been in two years," they say, adding however, that as about 80% of Thailand's exports are transacted in US dollars, this is not a major problem for this country at the moment.

But, will there be a devaluation? It would have to be a very brave — or a very foolish — man indeed who would predict what is going to happen!

However, if one looks at the state of the economy and the conditions existing in this country prior to devaluation last year and the situation at the moment, it would certainly seem that there is

no good reason for a devaluation at the moment.

Prior to the devaluation last year, the country's trade account position was a very sorry one with the trade deficit being higher than had been expected.

Imports increased by about 20% while exports increased by only about 8% in the first half of the year — basically because the prices of Thai exports were uncompetitive. The US dollar was very strong, and this meant that the baht appreciated significantly against other currencies — solely because it was tied to the US dollar and not because of any inherent strengths of its own. As a result, Thai exports made a dismal showing in the first half of 1980.

The payments balance too recorded a large deficit. At the same time, the high interest rates prevalent overseas — around 20% in fact — stopped foreign currency from coming into the country for the domestic interest rates were significantly lower.

What happened too was that borrowers of foreign funds began remitting funds back overseas as quickly as they were able to since the difference in the costs was so significant.

The result was that for a couple of months prior to the devaluation in July, there was a great drain on the country's foreign exchange reserves with the Bank of Thailand having to sell enormous amounts of foreign exchange while having only small amounts sold back to it.

The combination of the inability to sell and the larger than expected trade deficit, the payments deficit, the high interest rates overseas and the speculation that the baht was over valued, served to push forward cover rates up to new heights and these in turn, further fuelled the speculation against the baht.

The end result was that something had to give — and in July 1981, the baht was devalued against the US dollar.

The situation now however, is vastly different from what it was last year.

The country's trade account has improved significantly with exports up 20% in the first two months of this year compared to the same period last year while imports are down by about 8%. Given this, the country's trade position is better than had been expected.

Where the capital account is concerned, a large amount of funds was brought into the country just before the end of last year — partly in order to take advantage of the swap arrangement before it came to an end and partly because no one was sure whether the Finance Ministry would extend the withholding tax holiday on funds brought into the country and wanted to bring funds in before this holiday was up — just in case the Finance Ministry decided against extending it.

Funds

A large part of this is short term funds, but, given the difference in the domestic and foreign interest rates at the moment, it is still attractive to bring funds into the country. More importantly perhaps, it means that there is no reason for a large capital outflow such as the drain that occurred last year.

Furthermore, it has been pointed out by officials that the value of the baht against other currencies is at a "realistic" level at the moment since it is now at the level it was when the baht was devalued in July last year.

"At that time, the baht was set at a rate which we considered

appropriate and realistic, and today, it is still at this rate," they said, pointing out that though the value of the baht against other currencies had declined by 3% to 4% between the time of the devaluation and the end of last year, it had since returned to the July 1981 level.

In all, the economic situation now is in fact better than had been expected. True, expansion of productivity is still down, but it is down by less than had been expected while private investment, though still low, is again better than had been forecast.

The current account deficit for this year had been expected to be around US\$2.4 billion, but it is now likely to be around \$2.2 billion.

Though export prices are low, export volume is up significantly while imports have slowed down more than expected.

Private credit expansion is up to what had been forecast, so that overall, the picture is far brighter now than it was last year.

Given this, there would appear to be no economic reasons for a devaluation, for the country doesn't stand to gain anything from devaluing the currency at this time.

Politically, there is even less reason for devaluing, for a devaluation is a politically unpalatable exercise — something to be done only as a last resort, and then, not too frequently.

And, if there is nothing to be gained either economically or politically from a devaluation at this time, then to devalue now would be nothing short of economic suicide for the country — after all, Thailand would stand to lose whatever economic credibility it now has if it devalues for no rhyme or reason — and political suicide for the Government.

PRIME RATE COULD RISE: ECONOMISTS

Bangkok THE NATION REVIEW in English 31 Mar 82 p 13

[Text]

THE NATION Panel of Economists has predicted that the local prime rate will not be lower than 17 per cent as basic costs of fund have already gone up to almost the same level. On the contrary, there is a possibility that the prime rate will rise further due to the tight money situation.

At present, interest rate for two-year fixed deposits at commercial banks stands at 14 per cent, 13 per cent for one-year fixed deposits. The rate is nine per cent for savings deposits and zero for current account. A panellist said that when all of these interest rates were combined, commercial banks have an average cost of 11.5 per cent.

There are other costs of commercial banks for maintaining reserves and purchasing of government bonds. A panellist pointed out that banks are not earning from keeping bonds which yield 10.5 per cent for old ones and 13.75 per cent for new issues.

Operating costs, calculated from five largest local banks, amount to about 3.35 to 3.4 per cent. When all are added up, commercial banks would not be able to earn from lendings at the prime rate of 17 per cent. Besides, there is .5 per cent business tax recently increased by the Finance Ministry, the same panellist said.

However, banks earn from lendings to non-prime clients who pay 17.5 to 18 per cent. The panellist pointed out that after calculating costs based on baht, it is very unlikely that the local prime rate will be lower than 17 per cent.

But he pointed out that lower prime rate is possible only when the US prime dropped to 11-12 per cent and foreign banks refrain from pushing up commission. However, cheap interest rates would only be available for best clients companies.

He said that baht accounts for 80 per cent of loan portfolio of commercial banks and that there is a tendency for the local prime rate to climb up. However,

another panellist said that figures cited earlier had been watched closely by bankers. But there remain other types of interest rates applied to several levels of borrowers.

The same panellist said other rates for the local money market including interbank rate which ranged from 16.5 to 16.75 per cent and repurchase market rate of the Bank of Thailand.

Another panellist commented that if the local inflation rate for this year was at 10 per cent as expected earlier, interest for savings deposits is likely to stay at 12 per cent while the prime can range from 16-17 per cent. "If we assume that the inflation rate is slightly higher, the prime rate can be at 17 per cent and definitely not lower than that.

The same panellist said that was a period during May to July when the local prime rate shot up to 18.5 per cent because it was the adverse effect of foreign funds which accounted for 20 per cent of loan portfolio. At that time, the US prime rate rose to higher than 20 per cent.

He predicted that it would be possible for the local prime rate to stay at 17 per cent when the foreign rates are at 13.5 or 14 per cent. "But if it rises to 18 per cent, there will be tight money because 20 per cent of loan portfolio - 50,000 million baht - because funds will be expensive when premium is included," he said.

Another panellist said the cost of finance companies was about 15-16 per cent in average, excluding overheads and administrative expenses which account for 1.2 to two per cent.

"Besides, there is another cost for finance and securities companies similar to that of commercial banks, that is legal reserve of seven per cent of which 6.5 per cent is for government bond purchase and .5 per cent for the Bank of Thailand. When all are combined, total costs of

these firms are at 17.5-18 per cent," he said.

"This is an indication that when the total costs remain unchanged, interest rates charged by finance and securities companies would not be as cheap as believed," he said, and pointed out that the growth in deposits of commercial banks last year, compared to those of these firms, was different.

Bank deposits recorded a growth of 19-20 per cent, while finance and securities firms could have only 10-12 per cent. "There is a big imbalance. Finance and securities firms account for 25 per cent of total loan portfolio and commercial banks have 75 per cent. Therefore it is impossible to expect lower interest rates from these firms," the panellist said.

The same panellist said the Bank of Thailand still felt "comfortable" with the present situation though the swap arrangement in effect will end this month.

CSO: 4220/495

PHICHAI RATTAKUN ASSESSES PARTY PROSPECTS, PREM LEADERSHIP

Bangkok PATINYA in Thai 1 Mar 82 pp 27-30

[Interview with Phichai Rattakun at the Yaowarat Company on 13 February 1982]

[Text] One indication of the stability of the government is the unity of the political parties that support the government. The news of continually sharper and fiercer conflicts among the political parties in the third Prem government, including the Social Action Party and the Prachathipat Party, has resulted in the tremors of the government becoming more and more visible. In such a situation, the direction of movement of these political parties is a good indication of the future condition of Thai politics. Thus, PATINYA is presenting the views of Mr Phichai Rattakun, the former minister of foreign affairs when the Prachathipat Party reached the height of its power in 1976. At present, Mr Phichai is a candidate for the position of party leader, elections for which will be held on 3 April. He was interviewed at the Yaowarat Company at 1100 hours on 13 February 1982.

[Question] I would like to ask what the situation is like concerning the present conflicts within the Prachathipat Party.

[Answer] I prefer not to call them conflicts. For a long time, if anything has come up, people in the Prachathipat Party have argued with each other. But, in reality, there are no conflicts over private interests or ideals. There may be arguments concerning some minor procedural problems. Every person in the party has worked hard. And establishing democratic ways in disputes is a principle of ours. Thus, disputes are very common. The reports that have said that there are conflicts [in the party] have misled the people and this may damage our image. I admit this. But in fact, this is not a major affair. It is not at all strange. I think that these internal disputes should continue. Things should not be dictated. That is not right. All just say whatever they want to. There should be some political courtesy. If we can control this, I do not think that there will be any more reports about conflict.

[Question] It is felt that other political parties have fewer internal conflicts than the Prachathipat Party. Why is this?

[Answer] I cannot speak for other political parties. Concerning elections for party leader, do you see any of the other political parties holding elections like the Prachathipat Party? There aren't any; none at all. Please look at this fairly. That is, in electing a party leader and executive committee members, the Prachathipat Party does things in a really democratic way. It is not the executive committee or a single group that elects people. People throughout the country vote. During the time of Achan Seni, more than 20,000 people voted. After that, we changed the rules because 20,000 people were too many. It was too much trouble. Now the MPs and members of the executive committee can vote and each branch has one vote. Thus, you cannot cheat or coerce these people.

[Question] Do you think that the rumors of a split within the Prachathipat Party were started by outsiders who want to destroy the party?

[Answer] Many people have asked me this. I have said frankly that I cannot answer this question. I do not have detailed knowledge about the party since I am just a party member and not a member of the party committee. I don't know.

[Question] It is said that MPs from the south are now playing a greater role and are gaining greater power in the party. What are your views on this?

[Answer] I do not like to distinguish between southern MPs and MPs from other regions. I do not like to make a distinction between the roles of our 31 MPs, half of whom come from southern provinces. Because this is the case, concerning the work of the southern MPs, they have a role to play. And the northern [MPs] have a role too. Thus, as for their having more influence than others, I do not think that that is their intention. But certainly, since half of our MPs are from the south, they will have influence and play a great role. This has led people to think that the southern MPs will seize power in the party. In my view, we should not talk about the south or the north. We should talk about the Prachathipat Party.

[Question] Concerning the election of a party leader in April, do you think that this will cause greater conflicts within the party?

[Answer] I cannot say for sure whether there will be conflicts or not. But I do not believe that the present leaders of the party intend to allow a serious conflict to arise. That is, the leaders do not intend to destroy the party. At present, everyone is talking together about what we can do to ensure that the election is conducted in a democratic way. Thus, I do not believe that there will be any conflicts.

[Question] Concerning the coming election within the party, what is your program?

[Answer] I do not have a program. I have been talking for almost a year; I did not start discussing matters just recently. I have said that in the next election, if the members support me, I am ready to stand as a candidate for party leader because the party is still greatly in need of improvement. But this does not mean that people must be eliminated. Don't get the impression that improving things means destroying people. I am not trying to destroy people. I am trying mainly to bring about unity.

[Question] Concerning the matter of people becoming discouraged by the conflicts within the party and resigning from the party, as has happened in the past, what do you think should be done to solve this problem?

[Answer] I want to say that my aim is to bring about unity. I think there are many people who were once in the Prachathipat Party but who have now drifted away. It is these people whom I want to pull back in to help.

[Question] In the Prachathipat Party at present, what are the problems that need to be solved and how can they be solved?

[Answer] First, I think that administration must be improved. The structure of the party must be improved so that it is stronger. For example, we have more than 80 branches throughout the country. I think we have the most branches, which originated from the people. But now, there is little communication or coordination of activities between the main party and the branches. I think that the branches are very important for democracy. These will lead to election. Thus, coordinating activities with the branches is very important. If they become inactive, we cannot hope to make the party strong. Second, concerning people running for MP, other people have begun to seek supporters and they have found supporters for the 1983 elections. But we are still slow in this game. I hope that the new administrative committee will bring up this major point. Third, concerning finances, my party does not have money. Other parties spend much money. We don't. We cannot do this. But we must have some money. We must have money to improve the party. It takes money to purchase equipment and materials, to hire officials and so on. And in preparing for the expenses in the 1983 elections, we have no hope of finding hundreds of millions of baht like the others. We aren't that clever. But we should form a committee to seek funds.

[Question] What will you do to obtain funds?

[Answer] We must think about this. But I can assure you that the Prachathipat Party will not do anything illegal.

[Question] People say that in the political game in the future, especially in the 1983 election, tricks will be used, that is, people will have to spend large sums of money if they want a seat in parliament. What is your view on this?

[Answer] This is something that the Prachathipat Party is very worried about. Recently, [candidates] have been spending very large sums of money. Democracy cannot be purchased with money. Actually, it must come from the people, from the votes of the people, and not purchased with money. This is a very worrisome matter. When I spoke of [our] financial problems, I did not mean that we want money in order to throw in large sums like others. Suppose that we field 300 candidates. If each uses 100,000 baht, that amounts to a total of 30 million baht. Where can we find such a sum? Some of these others will probably spend 30 million baht in one province alone.

[Question] What methods will the party use in the struggle against the other political parties that have much money to spend?

[Answer] I think that, if there is time, the Prachathipat Party should seek out and mobilize the masses and mobilize the democratic forces. I think that there are still large numbers of people for whom money has little meaning. They cannot be bought. This applies to both in Bangkok and in the provinces. But how can we get these people to become democratic forces? I would like to say that, at present, the democratic forces are, for several reasons, in a dismal state. But there is still a chance for us to mobilize them so that they become enthusiastic. It is these people who will form the democratic forces.

[Question] In the 1983 election, do you think that the Prachathipat Party will have a chance to again become a major party as in the past?

[Answer] I believe that the various party leaders are all intent on getting together and this is a very good sign. I thus feel that, if we can carry out things as I have proposed and improve these three things, we will do better in the 1983 election than we did in the 1979 election. But it must be admitted that it will be very difficult for us to win 114 seats as we did in the 1976 election. It will take us many years to recover. I admit that the Prachathipat Party made many mistakes. But we know what our mistakes were and at present we are trying to find a way to correct them.

[Question] Some members of the Prachathipat Party have said that they would like to have General Prem or General Sitthi become the leader of the party. What are your views on this?

[Answer] If the members elect Mr Prem or Mr Sitthi, we must accept this because this is in accord with the law. But I am not sure that Mr Prem or Mr Sitthi have the right to become party leader because they are not members of the party. Also, I think that we have people and that we should consider people in the party. I do not understand why people think about outsiders. There are many people in the party who could serve as party leader. Such people include Mr Thuan, Mr Damrong, Mr Suraphan -- oh, Mr Suraphan could not because he has never been an MP -- Mr Kraison, Mr Lek or Mr Khunthong. These people have been party members for a long time. They have been MPs many times. These people all have the right to be party leader. Why don't we look to these people? Why do we look to outsiders? I don't understand this.

[Question] As for revising that part of the constitution dealing with the election of MPs, which is a matter that is now under discussion, what effect do you think this would have on the political parties and on Thai politics in the future?

[Answer] This is an important matter, all the political parties are waiting to see what happens. There are several types, such as the old regional system in which each region has no more than three people who are elected by individual number and not all together under one number. Or there is the system of joining regions under one number. And the system that is now being discussed calls for dividing the regions but having only one number. There are many things concerning which I cannot decide what would be best. But the correct thing would be to have only one number for each region, that is, each region would have only one representative. Each person would have the right to elect a single person. This would be the correct way.

[Question] If the regions are joined with a single number and single party, do you think there will be a problem of a bad person entering parliament?

[Answer] As for joining the regions with a single number, I think that this would be dangerous. I do not like this system. I think that the old system is better than this, that is, it would be better to divide the regions and elect up to three people or divide them into small regions.

[Question] Concerning revising this part of the constitution, do you think it is possible that pressure will be exerted so that the matter turns out in accord with the wishes of the political parties that have much money to spend?

[Answer] Certainly! I think this will certainly happen. Some political parties feel that if the type of system will give them an advantage, they will try to exert pressure.

[Question] What is your view concerning the stability of the government and the political situation at present?

[Answer] I am not very happy because I once had such great hopes for Mr Prem. But unfortunately, everything that General Prem has done in administering [the country] has disappointed me. Besides this, all sorts of problems have arisen. The 1 April affair and the matter of guaranteeing rice prices, which the government has said can no longer be done, are proof that Mr Prem [has not succeeded]. That is, I am disappointed because the situation has not improved at all. However, I would like to see this government continue in office. The government must maintain its stability. We must be patient and allow it to complete its term in 1983. I do not agree with the idea of dissolving parliament or carrying out a coup at present. As for dissolving or doing away with parliament, I do not agree with this because things will not be peaceful and it will not be possible to do anything.

[Question] You said that you are disappointed in Mr Prem and in the government. Why hasn't the government been able to achieve any results?

[Answer] I don't know. I think that Mr Prem has tried very hard. But when you ask why he has not been able to achieve any results, I cannot answer. Put simply, I am disappointed.

[Question] What are your views on the idea that General Prem is using a policy of staying above the conflicts, splits and administration?

[Answer] I do not think that Genral Prem is that complicated. I do not think the conflicts in the Social Action Party or the Prachathipat Party stem from [the actions] of General Prem. Don't blame General Prem for this. He is not complicated enough to be able to create trouble in the parties while personally staying above the conflicts.

[Question] Concerning the conflicts within the parties that have joined the government, how much effect do you think this will have on the government's stability?

[Answer] From the standpoint of the Prachathipat Party, the disputes in the party should not lead to any split within the government. I support the present government continuing in office. The various parties and ministers with duties should carry out these duties in order to maintain the government's stability.

[Question] How likely is it that the parties that have joined the government will have conflicts again, such as the telex matter, and cause the government to fall again?

[Answer] This is something that cannot be foretold. But I believe that all MPs want to help [the government] complete its term.

[Question] If the people reach the point where they can no longer bear the troubles, do you think there is any possibility of their opposing and toppling the government?

[Answer] The people will not do this. The people are waiting eagerly for 1983 so that they can vote again and elect a new leader, unless some other group, which group I cannot say, puts itself in power. We must be careful about this because it is possible to become the tool of someone. We have persisted for 3 years with only 1 year left. I just hope the government is allowed to finish its term.

[Question] At present, what future political course have you set for yourself?

[Answer] This is up to the party. It is up to the executive committee to decide whether to run me for election or not. But I will not go anywhere. I will stay here in Bangkok. I will fight [for election] here. But this is up to the party. I cannot say that I will run here and force the party to run me here. 11943 CSO: 4207/67

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DEMOCRATIC LEADERSHIP, POLITICAL FORTUNES ASSESSED

Bangkok SIAM MAI in Thai 20 Feb 82 pp 12-16

[Article: "The Prachathipat Party On Its Last Path"]

[Text] "The next person to become party leader must have three qualifications: First, he must be able to create unity within the party; second, he must be able to administer the party so that it makes progress; and third, he must have good human relations so that he can get along with people of all levels."

A member of the Prachathipat Party's executive committee made this statement at an unofficial dinner party several days ago just after a party conference announced that elections for a new party leader to replace Mr Thanat Khoman, the outgoing party leader, would be held on 3 April.

Among members of the Prachathipat Party, it is well known that the party's present image in the eyes of the people is not good and that it has reached the lowest level ever. The recent by-election in Bangkok has proven that the Prachathipat Party will continue to suffer defeat and that it will be difficult for it to win as long as it continues on in its present political situation in which there is no unity in the party, the party leader is weak, lacks human relations and is inexperienced in the political game, there are no policies or principles and only negative images have been built up of the Prachathipat Party.

However, this is a party that has fought against dictatorship in all periods, that has followed the path of democracy and that has a more democratic system of administration in the party than do the other political parties in entering parliament. This is a large political party that won every election in Bangkok until it was defeated in the last election by the Thai Prachakon Party. This is a shining past image that most members of the Prachathipat Party are constantly trying to appeal to.

Thus, the election of a new party leader on 3 April will be an indication of whether the Prachathipat Party will rise again or whether it will disappear.

Hopes Are With the Party Leader

The party's image as a progressive party that was an enemy of dictatorship was seriously challenged when M.R. Seni Pramot became too old to engage in politics and had to leave his position as party leader.

Mr Thanat Khoman became the party leader and has served in this position for the stipulated 3 years. The result has been that the Prachathipat Party has divided into factions. This began when Mr Phichai Rattakun, a [former] member of the party executive committee and deputy leader of the party, announced that he was resigning from all his party positions, retaining only his membership in the party, and other high-ranking members in the party such as Mr Lek Nana and Mr Sanong Tuchinda, who were followers of Mr Phichai Rattakun, became inactive. This does not include those long-time members of the party who announced that they were leaving the party because they were on the "black list" and were going to be ousted from the party. Such people include Mr Thammanun Thienngoen, Mr Ophat Thammawanit and Mr Akhom Sarasuchat, who split away and formed a new party. And finally there was Mr Uthai Phimchaichon, who was defeated in the election for party leader, left the party and formed the Revolutionary Party.

The conflicts among the members of the Prachathipat Party did not decrease any when Colonel Thanat Khoman became party leader. Concerning the party's joining the second Prem government, which expelled the Social Action Party, in contacting people about joining the government of General Prem Tinsulanon, instead of contacting Colonel Thanat Khoman, General Prem secretly contacted Mr Wira Musikaphong. And in forming the second Prem cabinet, the Prachathipat Party was openly soothed. The Chat Thai Party was dissatisfied over the fact that, while it had more MPs in parliament, it had received fewer cabinet posts from General Prem than the Prachathipat Party.

Around April last year, at a seminar sponsored by SIAM MAI that was attended by some high-ranking members of the Prachathipat Party, concerning the Prachathipat Party joining the government, great alarm was expressed about the once bright political image of the Prachathipat Party. Now misunderstandings are arising among the people [about the party] while high-ranking officials of the party, from the party leader on down, have never thought about this problem.

"As for our joining this time, this is a temporary united front. We are trying to find a way because, by ourselves, we cannot bring out a law for electing kammans and village headmen, a law for electing the heads of the provincial administrative organizations, a property law, a land ownership law or a land reform law. We would be toppled every time. We cannot do anything about any of these laws or even revise important points in the constitution because of interference," stated one person uneasily during this conference.

The reshuffling of the third Prem government at the end of 1981 caused even greater splits in the Prachathipat Party when General Prem intentionally discharged Mr Chaloemphan Siwikon from his position as minister in the third

Prem government. The fact that high-ranking officials of the Prachathipat Party joined the third Prem government without a party resolution being passed first has led to problems and questions within the party and a new resolution has had to be passed. And the resignation of Colonel Thanat Khoman, who telephoned General Prem, has caused problems. The interpretation in the Royal Decree presents another major image of the Prachathipat Party. And there is the case of Police Lieutenant Chawarin Latthisaksi, an MP and a member of the Prachathipat Party, revealing a case of people being cheated and squeezed and doing so at the Office of the Prime Minister where Colonel Thanat Khoman, the head of the Prachathipat Party, was, as deputy prime minister, working.

Phichai Rattakun, I will Be Party Leader

"I have said many times that if the time ever comes when the Prachathipat Party does not have anyone to become party leader, I would be happy to serve in this position. Don't bring in an outsider," said Mr Phichai Rattakun, a former minister in several governments and the former deputy leader of the Prachathipat Party, to members of the Prachathipat Party and in an interview given to a reporter.

In reality, Mr Phichai Rattakun did not just start making preparations to become party leader. In the last election for party leader, one important opponent of Colonel Thanat Khoman was Mr Uthai Phimchaichon. he received rather open support from Mr Phichai Rattakun. And the reason that Mr Phichai did not stand as a candidate for party leader that time is that he had "read the game" since the time that Mr Sanong Tuchinda, whom Mr Phichai had supported, was defeated by Mr Chaloemphan Siwikon in the race for the position of secretary-general of the party.

In waiting quietly as an ordinary member of the Prachathipat Party by resigning from all his positions in the party in order to give the team of Colonel Thanat Khoman, the new party leader and an opponent from the beginning, every chance, he has now waited a full 3 years.

It is very possible that he will be elected to the position of leader of the Prachathipat Party in the election to be held on 3 April since the young members of the Prachathipat Party, a group that includes Mr Chaiyawat Traiyasunan, Police Lieutenant Chaowarin Latthasaksi and Pilot Officer Chalat Warachat, have announced that they will no longer play politics if the present unsystematic situation continues. Discouragement and boredom with politics have arisen throughout the party. The party members' opposition to the party leader's lack of human relations has resulted in a search for a person who can solve the problems. Everyone is looking to Mr Phichai Rattakun, the adversary of Colonel Thanat Khoman.

It is almost 100 percent certain that Mr Phichai Rattakun will become the leader of the Prachathipat Party since his opponent in the last election, Mr Damrong Latphiphat, the director of the National Housing Authority, announced that he would not run for party leader, saying that he is a government official and cannot make political statements. He has thus asked to stay out of the

race for party leader this time. And the important thing is that the important people in the party whom Mr Damrong Latphiphat placed in opposition to the group of Mr Phichai Rattakun will probably not be able to generate any popularity among the party members because of their failure to achieve anything in carrying out tasks.

The latest case is that high-ranking officials in the Prachathipat Party joined the third Prem government without the approval of the party executive committee. Mr Chaloemphan Siwikon openly announced that he was opposed to joining the third Prem government and so he now supports Mr Phichai Rattakun's bid to become party leader even though he was once an opponent of Mr Phichai.

As for the votes from the three sectors that will elect a party leader, that is, the 27 votes of the executive committeemen, the 60 votes of the party branch committeemen and the 32 votes of the MPs, most of these votes are leaning toward Mr Phichai. In particular, the party branch committeemen controlled by Mr Damrong Latphiphat are remaining uncommitted.

As for the opposition, there is Mr Sawet Piemphongsan, the deputy party leader. He is supported by some MPs but he is remaining too quiet for a person who wants to become party leader. There is also Mr Marut Bunnak. There have been reports that he may run for this position and that he has some support among the party branch committeemen. He is a new member of the party and has never been an MP. It will be difficult for these people to compete against Mr Phichai Rattakun.

Chuan Likphai, an Aloof Person

Mr Phichai's most dangerous opponent at present is Mr Chuan Likphai, a person who has served as minister of three different ministries in the space of only a few months in the government of General Prem Tinsulanon. He is a very calm and controlled person and it is difficult to guess what he is thinking. He has never made any decisions but he is always on the winning side whenever something happens. Mr Chuan Likphai is a senior member of the Prachathipat Party just like Mr Phichai Rattakun. He has some support in the party, especially among the southerners.

It is well known that Mr Chuan Likphai will not reveal his attitude toward running for party leader. But at the last minute when it comes time to propose the names of those running in the election for party leader, Mr Chuan Likphai will not take himself out of the race. Concerning this, Mr Chuan Likphai caused disappointment for Mr Uthai Phimchaichon in the last election for party leader.

"Mr Chuan will remain aloof like this, but when the time comes, he will certainly run for this position," said a high-ranking official of the Prachathipat Party to STAM MAT.

Several months ago there was a movement by southern MPs to bring in an outsider such as General Prem Tinsulanon or General Sitthi Chirarot to serve as party leader. But this was vigorously opposed and rejected by most members of the Prachathipat Party.

If Phichai Wins, Things Will Be Difficult For Prem

It is well known that the administrative policy and thinking and, in particular, the foreign policy of the Prem government are different from those supported by Mr Phichai Rattakun, who has announced a rather clear position and constantly criticized the policies of General Prem. Thus, it is generally said that if Mr Phichai Rattakun becomes the leader of the Prachathipat Party, this will make it difficult for the party to join the Prem government and General Prem may lose the support of the Prachathipat Party in parliament.

And the thing that is very important is that Mr Phichai Rattakun is probably preparing to draw the long-time members of the Prachathipat Party who left the party back into the party. This includes such people as Mr Thammanun Thienngoen, Dr Ophat Thammawanit and Dr Akhom Sarasuchat. And because of the party's present weakness, it would be difficult for anyone to oppose the return of these people. This is because in the next election in 1983, the thing that the Prachathipat Party fears the most is another election defeat. It looks as if the path taken by the Prachathipat Party this time will be its last path.

Phichai Rattakun

"The thing that they are afraid of is that I will not support joining the government of General Prem. But I have clearly stated that while I will not ask to join the government, the others who have already joined can stay in the government. Mr Thanat, Mr Chuan and Mr Wira are ministers and should stay in the government. I have said that [people] should not ask me to go meet with General Prem at the present time because the thing that I must quickly carry out at present is to work for the party. The most important thing is the election in 1983. We must quickly make preparations now. This is not a simple matter. There are three things that must be done now. First, we must improve the administrative system in the party since at present there is no discipline or order. Second, we must seek out people and mobilize the old [members] of the Prachathipat Party to come help. I can work with everyone, and I can get along with everyone, with the exception of Mr Thanat. Third, we must obtain money. This is not easy. Fielding 160 candidates, with expenditures for each reaching 200,000 baht, amounts to expenses of 36 million baht. You can see that we must help each other.

Thammanun Thienngoen

"Concerning the Prachathipat [Party], I don't want to say anything at all because it has been my intention not to make any criticisms after leaving [the party]. AS for whether I will join the Prachathipat Party again or not,

I do not want to say anything at this time. This is not the time. As for the next election, the constitution stipulates that [an MP] must belong to a party and so I will have to join a party since I am still in good health and do not have any problems. But rejoining the Prachathipat Party is another matter and does not concern my intention not to make any criticisms."

Sanong Tuchinda

"I don't want to talk about whether I am a member of the Prachathipat Party or not because if I say something, they will not accept me and they will criticize me again. Actually, since then, I have remained aloof and have not gotten involved in anything. They have carried on the work. I have served as a senator. But I agree with the need to return and provide help and to join forces again. Otherwise, how can the others be defeated?"

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CSO: 4207/66

EXPORT OF CHICKEN TO MIDDLE EAST

London ARABIA: THE ISLAMIC WORLD REVIEW in English Mar 82 p 46

[Text]

Thailand is about to enter the market for Halal chicken meat in the Arab countries. Thai, New Zealand and Arab investors have launched a \$12.5m venture to be called General Foods Poultry (Thai) Company, which will handle production, processing, packaging and distribution of chicken meat for the Middle East. Initial plans are for an annual supply of 15,000 tonnes of frozen chicken to the region.

Thailand's exports of frozen chicken have increased in recent years but its main market has been Japan. The new company represents the first attempt to find an outlet in the Arab world. The Chairman of General Foods Poultry believes that Thailand is capable of producing the lowest cost chickens in the world.

Until recently, Singapore had prohibited imports of Thai chicken, raising doubts about hygiene on farms and processing plants. Singapore had agreed to lift that ban however, before the formation of the new company was announced. Officials of the new company have said that they will export only high quality chicken to the Middle East.

Participants in the joint venture are P Charoen Phan Feedmill Company of Thailand, which holds 51 per cent, General Foods Poultry of New Zealand, holding 34 per cent and the Amman-based United Trading Corporation, holding 15 per cent. The share capital of the company is to be about \$3.3m.

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